

BECKER'S

# ASC REVIEW

Practical Business, Legal and Clinical Guidance for Ambulatory Surgery Centers

## 10 of the Best Paying ASC Procedures

By Barbara Kirchheimer

The list of 10 of the best paying ASC procedures provided by Matt Lau, director of financial analysis for Regent Surgical Health, includes procedures spanning several ASC specialties: neurosurgery, general surgery, urology and orthopedic surgery. In general they are procedures reimbursed more often by private payors than by Medicare.

On p. 7 you will see a chart provided by Mr. Lau of these 10 procedures (offering average ranges of reimbursements) from selected Regent Surgical Health ASCs for the 2009 calendar year.

It is important to remember that high reimbursement rates do not always signal the highest profit potential, Mr. Lau cautions. Operating an ASC that offers the best mix of high-margin procedures involves a close examination of many factors, and Mr. Lau also provides insight into how ASCs can maximize revenue and reduce costs.

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## The Buying and Selling of ASCs - A Review of Pricing By Tier in the Current Market - Updated for 2010

By Scott Becker, JD, CPA, and Sarah Chacko, JD

This article focuses on the pricing by companies that purchase majority interests in ambulatory surgery centers. Currently, there are three public companies that buy majority interests in ASCs and eight to ten private companies that fit into this category. These companies generally buy more than 50 percent of the interests or assets in an ASC transaction, typically buying anywhere from 51-66 percent of such interests or assets. There are also several companies that focus on acquiring minority interests in ASCs. The lists

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## 20 Orthopedic and Spine-Driven ASCs to Know

By Lindsey Dunn

**Houston Orthopedic Surgery Center (Warner Robins, Ga.).** Houston Orthopedic Surgery Center is home to four orthopedic and sports medicine specialists and one spine surgeon. The ASC consists of two operating rooms, a sub-sterile area, four preoperative rooms and five PACU beds. The center performs a variety of orthopedic procedures, including anterior cruciate ligament reconstruction, carpal tunnel release, trigger finger release and surgery for tennis elbow. The center's spine program performs cervical disc replacement, multi-level anterior cervical disc fusion, endoscopic spine procedures and minimally invasive spine fusions, among other procedures. Becky Mann, director of Houston Orthopedic, attributes the center's success to its dedication to patient care and cost-consciousness. "Our goal at Houston Orthopedic Surgery Center is to always put our patient first," she says. "Service is given with professional com-

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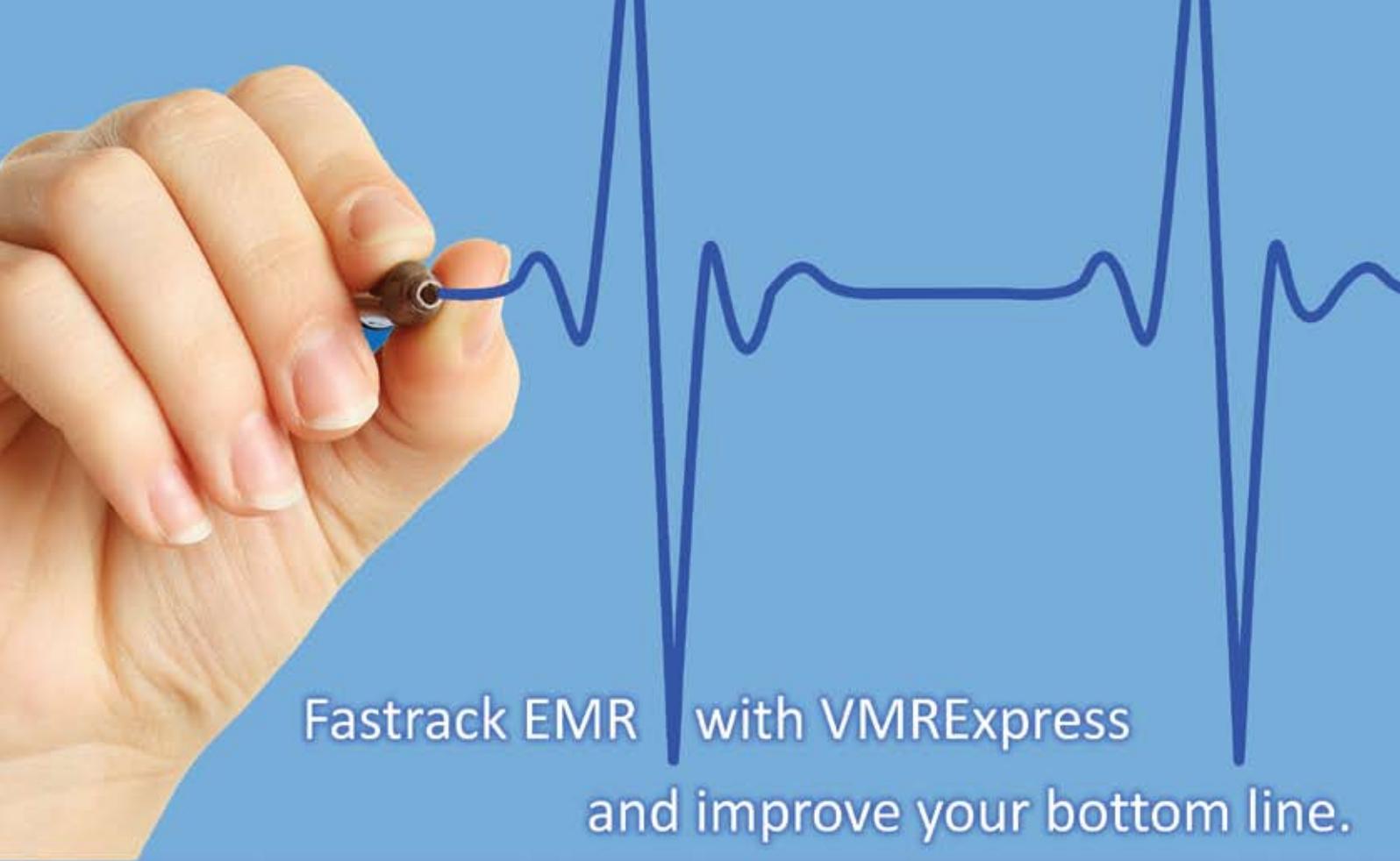
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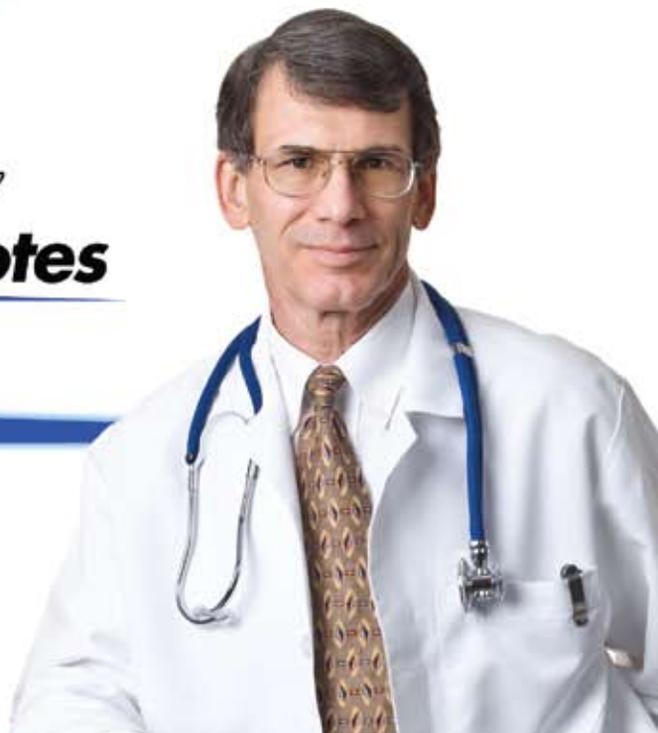
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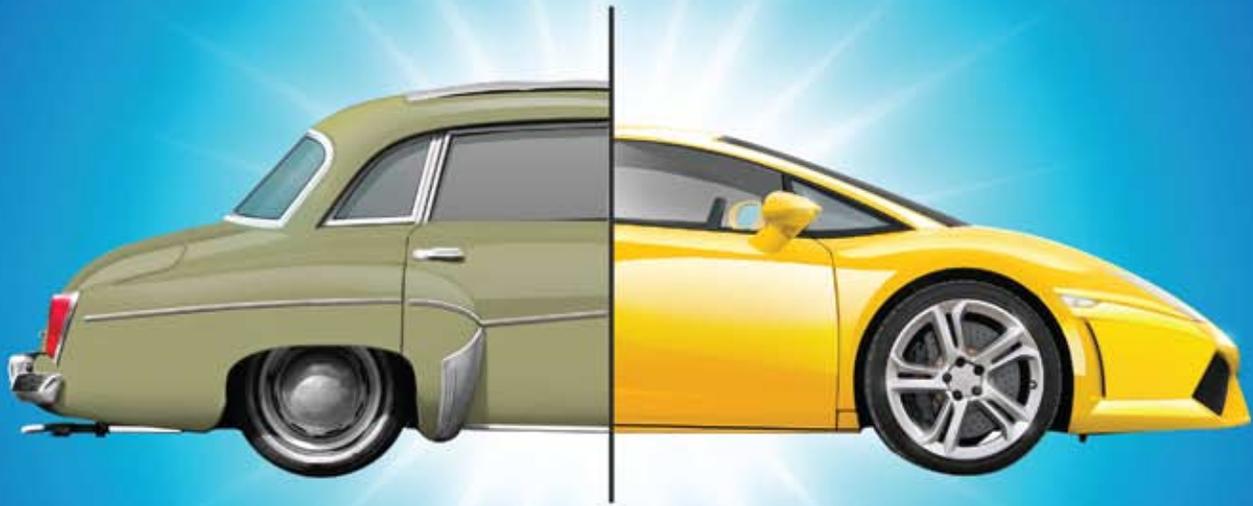
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## EDITORIAL

Rob Kurtz

*Editor in Chief*

800-417-2035 / [rob@beckersasc.com](mailto:rob@beckersasc.com)

Lindsey Dunn

*Writer/Reporter/Editor*

800-417-2035 / [lindsey@beckersasc.com](mailto:lindsey@beckersasc.com)

Barbara Kirchheimer

*Writer/Editor*

800-417-2035 / [lindsey@beckersasc.com](mailto:lindsey@beckersasc.com)

Leigh Page

*Writer/Reporter*

800-417-2035 / [barbara@beckersasc.com](mailto:barbara@beckersasc.com)

Renée Tomcanin

*Writer/Reporter*

800-417-2035 / [renee@beckersasc.com](mailto:renee@beckersasc.com)

## SALES & PUBLISHING

Jessica Cole

*President & CEO*

800-417-2035 / [jessica@beckersasc.com](mailto:jessica@beckersasc.com)

Kim Hursley

*Account Manager*

800-417-2035 / [kimberly@beckersasc.com](mailto:kimberly@beckersasc.com)

Annie Stokes

*Account Manager*

800-417-2035 / [annie@beckersasc.com](mailto:annie@beckersasc.com)

Mike Harris

*Account Manager*

800-417-2035 / [michael@beckersasc.com](mailto:michael@beckersasc.com)

Lauren Sturm

*Executive Assistant*

800-417-2035 / [lauren@beckersasc.com](mailto:lauren@beckersasc.com)

Scott Becker

*Publisher*

800-417-2035 / [sbecker@mcguirewoods.com](mailto:sbecker@mcguirewoods.com)

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# Publisher's Letter

## Healthcare Reform; Is the AMA the Worst Trade Association Ever?; Orthopedic, Spine and Pain Management Driven Ambulatory Surgery Center Conference: Improving Profitability and Business and Legal Issues – June 10-12, Registration Discounts Available

It has been an incredibly interesting couple of months in the healthcare world.

1. This issue includes several items related to healthcare reform and its impact on physicians, hospitals, physician-owned hospitals and surgery centers. This issue also includes several articles related to orthopedic- and spine-driven ASCs.

2. For a copy of an article entitled "Is the AMA the Worst Trade Association Ever?" please contact [sbecker@mcguirewoods.com](mailto:sbecker@mcguirewoods.com).

3. Finally, we have our 8th Annual Orthopedic, Spine and Pain Management Driven ASC Conference on Improving Profitability to be held June 10-12, 2010. This includes great speakers on the future of healthcare, future of orthopedic- and spine-driven surgery centers, a talk by healthcare futurist Joe Flower, a talk by the National Political Director of the Atlantic Media Company Ron Brownstein and a great deal of physician leaders speaking. Overall, it has 90 sessions and 112 speakers. The deadline for early registration is May 1. If you register by May 1, you will receive an additional \$200 discount if registering for the entire conference. To register, call

(703) 836-5904 or send registration via fax to (703) 836-2090. To register online, go to <https://www.ascassociation.org/june2010.cfm>.

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If you have any questions, please contact me at (312) 750-6016 or at [sbecker@mcguirewoods.com](mailto:sbecker@mcguirewoods.com).

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**10 of the Best Paying ASC Procedures**  
(continued from page 1)

Procedure	Average range of reimbursement
<b>Neurosurgery</b>	
Diskectomies	\$17,000-\$34,000
Laminotomies	\$9,000-\$11,000
Vertebral corpectomies	\$17,000-\$20,000
Insertion/repair of neurostimulators	\$11,000-\$18,000
<b>General surgery</b>	
Hernias (Epigastric, incisional, inguinal)	\$5,000-\$9,000
Laparoscopic cholecystectomies	\$5,000-\$6,000
Laparoscopies - gastric banding	\$12,000-\$15,000
<b>Urology</b>	
Sling operations	\$5,000-\$8,000
Cystourethroscopies with lithotripsy	\$5,000-\$7,000
<b>Orthopedic surgery</b>	
Shoulder arthroscopies	\$5,000-\$10,000

Mr. Lau's list of heavy-hitters includes procedures spanning several ASC specialties: neurosurgery, general surgery, urology and orthopedic surgery. In general they are procedures reimbursed more often by private payors than by Medicare.

At the top of the list is diskectomies, which bring in average reimbursements of \$17,000- \$34,000, according to Mr. Lau. The second-highest reimbursed procedure is vertebral corpectomy, at an average reimbursement rate of \$17,000-\$20,000.

However, high reimbursement rates do not always signal the highest profit potential, Mr. Lau cautions. When it comes to procedures that contribute the most to ASC margins, laparoscopies (gastric banding) are right at the top of the list along with diskectomies, although their average reimbursement is lower at \$12,000-\$15,000 per procedure.

The profitability equation must include a look at cost, volume and a host of other variables that are often unique to the individual ASC, Mr. Lau says. For example, is the ASC's payor mix heavily managed-care or do out-of-network payors make up much of the payor mix? Do one or two insurers dominate the local market or are several payors competing for the ASC's contract? Does the ASC have a hospital partner to help leverage better reimbursement rates or is it a stand-alone facility with less negotiating clout? All of these factors and many more will affect the cost versus reimbursement picture at the individual facility level, Mr. Lau says.

Profit can even boil down to factors as unpredictable as the habits of an individual physician. "One physician may love to use a particular implant for a particular procedure, but another physician in the same ASC can prefer a different implant for the exact same procedure," he says. "There can be a vast difference in cost between the two implants."

Operating an ASC that offers the best mix of high-margin procedures involves a close examination of many factors, but here are some ways ASC operators can make the most of the potential opportunities, according to Mr. Lau:

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- Recruit the right physicians
- Recruit the right physician specialties
- Generate case volume

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- Understand the age, size and payor mix of the local population
- Negotiate effective payor contracts and cancel bad ones
- Consider partnering with a local hospital to improve negotiating clout
- Make sure the chargemaster is updated to reflect the local market situation

### Minimizing costs:

- Choose a good group purchasing organization
- Use a materials management information system to monitor purchases and contracts
- Manage ancillary service and preventative maintenance contracts
- Maintain flexibility in staffing levels

### Other variables:

- Know the direct costs of each procedure performed in the ASC
- Know the profitability for each procedure performed for each payor
- Be aware of the relative time each procedure takes and maximize use of the facility

“Knowing how much each case will cost you is vitally important to knowing the profitability of the case,” Mr. Lau says. Complicating the reimbursement picture further is a trend among private payors to shift their fee schedules to a Medicare-like model. For complex orthopedic cases in which an implant may be a key part of the surgery itself, for example, a payor might offer an overall reimbursement for the procedure that includes the payment for the implant, where the payor used to reimburse separately for the procedure and the implant. While the procedure reimbursement may be higher, the overall reimbursement might be lower, thereby lowering the profit margin for the ASC.

“If that’s the trend,” Mr. Lau says, “it’s even more important to know what the procedure is going to cost you and to figure out if it’s worth doing or not.” ■

Contact Matt Lau at [mlau@regentsurgicalhealth.com](mailto:mlau@regentsurgicalhealth.com). Regent Surgical Health develops, manages and invests in surgical centers and specialty hospitals throughout the United States. Regent works to deliver sustainable profitability while enabling physician partners to maintain clinical autonomy and financial control. Learn more about Regent Surgical Health at [www.regentsurgicalhealth.com](http://www.regentsurgicalhealth.com).

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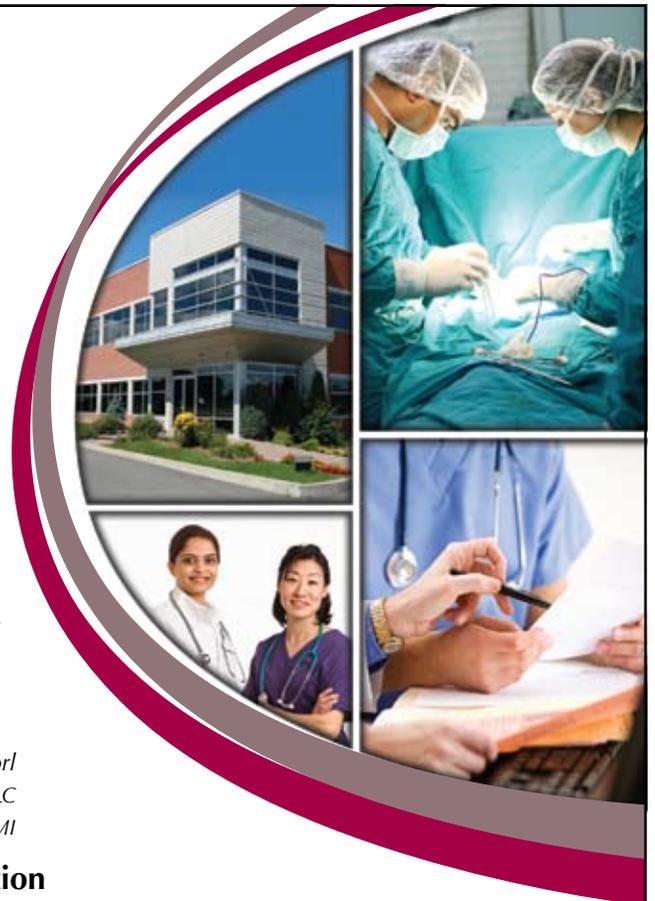
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### The Buying and Selling of Ambulatory Surgery Centers - A Review of Pricing By Tier in the Current Market - Updated for 2010 (continued from page 1)

below are not all-inclusive lists nor do they specifically focus on hospital acquisitions of ASCs, which is also an incredibly active part of the market.

## Majority interest buyers

### Public companies

The principal public company buyers that acquire ASCs include:

- Amsurg
- NovaMed
- Medical Facilities Corporation

### Private companies

The principal private majority- interest buyers that acquire ASCs include:

- Meridian Surgical Partners
- United Surgical Partners
- Symbion, Inc.
- Surgical Care Affiliates
- RMC Medstone
- National Surgical Care
- Covenant Surgical Partners
- Health Inventures

## Minority interest buyers

In addition to the majority interest buyers, there are a number of companies that purchase minority interests (and sometimes purchase majority interests) in ASCs. Several of the most prominent companies in this category include:

- Ambulatory Surgical Centers of America
- HealthMark Partners
- Blue Chip Surgical Partners
- Practice Partners in Healthcare
- Regent Surgical Health
- Surgical Care Affiliates
- Surgical Management Professionals
- Orion Medical Services
- ASD Management
- Nueterra Healthcare
- Pinnacle III
- Physicians Endoscopy
- Foundation Surgical Partners
- SurgCenter
- Surgical Management Professionals
- Titan Health Corp

## Valuation\* and Types of Deals

**Tier one deals and criteria.** The pricing of ASCs (for majority interest transactions) can be broken down into three different tiers. The first tier of ASCs includes what are considered low risk acquisitions. These first tier ASCs typically measure positively with regard to the following seven characteristics:

- (i) limited reimbursement risk;
- (ii) relatively low out-of-network percentage of business,
- (iii) not overly dependent on too few physicians
- (iv) limited non-compete problems;
- (v) reasonable market conditions in terms of competition and hospital control;
- (vi) certificate of need protection; and
- (vii) some degree of independent surgeons and cases in the market.

For these low-risk transactions, we often see prices of 6 to 6.5 times EBITDA (or higher) minus debt. As part of this transaction, buyers often acquire 51 to 66 percent of the target ASC's units (by either directly purchasing units in the existing company or through some form of an asset contribution transaction), and the ASC enters into a long-term man-

agement agreement with the buyer. The management fee is typically 5-7 percent of collections. Often, the buyer, as part of the pricing, acquires an agreed-to amount of the accounts receivable minus the accounts payable. The seller must often also pay for tail coverage to cover potential malpractice claims for the period prior to the transaction closing.

**Tier two deals.** A second tier of ASC transaction pricing includes ASCs that have, of the characteristics listed above, one to three characteristics that pose significant risks. For example, this might be a center with a minimum number of recruitment options, or it might be a center with some significant competition or reimbursement risks or certain other risks. In essence, when an ASC measures negatively for one to two



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of these characteristics, it might be included in this second tier and be priced accordingly. Please bear in mind that being very negative on certain of these characteristics can turn a tier one deal into a tier three deal versus a tier two deal. For example, if the ASC relies on one to two physicians for case volume, or if many physicians in the venture have significant outside competitive interests, this can make the deal a tier three deal versus a tier two deal as these factors may pose significant threats to the ASC's ongoing revenue stream.

For tier two deal pricing, we often see pricing set at 4 to 6 times EBITDA minus debt. The actual price within that range is very dependent on the depth and number of the different risks present.

**Tier three deals.** Finally, we see tier three deals as deals that have many of the risk characteristics listed above. This may include a market in which a hospital relentlessly competes and/or employs many of the physicians in the area, a market in which there are few independent physicians or a market in which the hospital and payors are very closely tied together. There are typically few buyers for these ASCs, and if in fact you do find a buyer for this type of ASC, you are often looking at a price of 2 to 4 times

EBITDA minus debt. Often, for these types of deals, the seller would approach one of the minority interest buyers with the intent of restructuring the venture to improve it for greater profitability going forward. In essence, instead of attempting to make a capital gain from the transaction, a seller may focus on finding a buyer that will buy a minority interest and help manage and improve the center's profitability and stability, with the hope of selling to a majority interest buyer (for a higher EBITDA multiple) after the ASC has improved and therefore would be more attractive to a majority interest buyer.

To summarize, an ASC generally must measure positively on the seven characteristics described above in order to receive the most favorable pricing from a majority interest buyer (i.e., 6 to 6.5 times EBITDA minus debt). An ASC that measures well on four to five of these characteristics but poorly on two to three of these may receive a valuation of 4 to 6 times EBITDA minus debt. If an ASC measures poorly on all or most key characteristics, it will likely receive little interest from majority interest buyers (or a lower price) (i.e., 2 to 4 times EBITDA minus debt). ASCs that measure low on these characteristics that are seeking a buyer might focus on soliciting offers from minority interest buyers, and improving profits, and

potentially selling to a majority interest buyer in the future after the ASC has improved on these characteristics. Finally, keep in mind that when a buyer is buying minority interests, as opposed to majority interests, pricing is often significantly reduced. ■

*\* The guidance in this article is intended to provide an overview of the factors influencing valuations of an ASC. A formal valuation is often needed. There are several firms that specialize in the valuation of ASCs and other health care companies. Three of the most prominent firms that we work with regularly are VMG Health, Healthcare Appraisers and Principle Valuation.*

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**20 Orthopedic- and Spine-Driven ASCs to Know**  
(continued from page 1)

petence and a smile. No one in the center is too busy to stop and answer a question or lend a helping hand.”

**Illinois Sports Medicine & Orthopedic Surgery Center (Morton Grove, Ill.).** ISMOSC is a physician-owned, multi-specialty ASC specializing in orthopedic and spine surgery, podiatry and pain management. ISMOSC has four ORs and one procedure room and is home to 18 orthopedic surgeons, nine podiatrists, three pain management physicians and 15 anesthesiologists. ISMOSC performs a wide variety of orthopedic ambulatory surgical procedures including arthroscopies, ACL reconstructions, arthroplasties, carpal tunnel releases, meniscectomies, open reduction internal fixations, arthroscopic Bankart procedures and rotator cuff repairs as well as spine procedures such as laminectomies, microdiscectomies, anterior cervical discectomies and fusions. In 2007, its first year of operation, ISMOSC performed more than 1,300 cases. The surgery center has experienced continued growth in case volume, performing more than 3,200 cases in 2008 and over 4,200 cases in 2009, according to Larry Parrish, administrator of the center.

**Loveland Surgery Center (Loveland, Colo.).** Loveland Surgery Center performs approximately 3,400 orthopedic, spine, pain management and ENT procedures annually. The ASC, which is jointly owned by physicians and National Surgical Care, features two ORs and a procedure room equipped with anesthesia. The center’s spine program was the first facility in the United States to perform a level-three Prestige cervical artificial disc replacement, utilize the Coflex device, perform a multi-level NeoDisc replacement and the first to utilize the Dynamic Stabilization System for a posterior lumbar fusion, according to Sue Sumpter, administrator of the

center. The surgery center holds a convalescent license, which allows the facility to perform more complex surgeries such as lumbar and cervical spine fusions, which require multiple overnight stays, while remaining an outpatient facility. The offering of these complex surgeries at the center provides an economical surgery option for patients and third-party payors, says Ms. Sumpter. The center is also currently participating in two new FDA artificial disc studies as well as a stem cell study.

**Orthopaedic Surgery Center of San Antonio (San Antonio).** Orthopaedic Surgery Center of San Antonio is the ASC of the San Antonio Orthopaedic Group, one of the largest orthopedic groups in South Texas. The AAAHC-accredited ASC features six ORs and one procedure room, and the center’s more than 20 physicians and 50 staff members perform approximately 4,500 procedures annually. Orthopaedic Surgery Center’s physicians specialize in all areas of orthopedics including sports medicine, shoulder, knee, hand, foot, ankle and spine.

**Mayfield Clinic Spine Surgery Center (Cincinnati).** Mayfield Clinic Spine Surgery Center offers same-day surgeries and procedures for patients with spine problems. The ASC is affiliated with Mayfield Clinic and serves patients whose treatment does not require an overnight hospital stay. Procedures performed at the ASC include lumbar laminectomies, anterior cervical discectomies and fusions, spinal cord decompression, ulnar nerve surgery, carpal tunnel surgery and minimally invasive spine procedures. The ASC is staffed by 13 neurosurgeons and one pain management physician and features three ORs and one pain management procedure suite. Mayfield is the first freestanding center in the region to provide ambulatory spine surgeries and pain management procedures performed by spine surgeons.

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**Midland Surgical Center (Sycamore, Ill.).**

Midland Surgical Center opened in 2005 and is a joint venture between a local health system, five orthopedic surgeons and Regent Surgical Health. The multispecialty center features orthopedics, pain management, podiatry, plastic surgery and ophthalmology, and is used by eight orthopedic surgeons, two podiatrists, one plastic surgeon, four ophthalmologists and one pain management specialist. The ASC feature two ORs, and orthopedic surgeons at the center performed approximately 1,200 orthopedic cases last year. The center received CTQ's Apex Quality Award in 2009, which is given to only 20 ASCs across the country for excellence in patient satisfaction. In the coming years, the ASC hopes to add news surgeons and double its caseload, says Patricia Sulaver, RN, administrator of the center.

**Missoula Bone and Joint Surgery Center (Missoula, Mont.).**

Missoula Bone and Joint Surgery Center, the ASC of the Missoula Bone & Joint Clinic, is located in the heart of Montana's Missoula Valley. The AAAHC-accredited center, which opened in 2001, performs approximately 2,000 orthopedics and plastic surgery cases annually. The ASC is located next to the physician offices of Missoula Bone & Joint, an eight-physician orthopedic practice, which offers imaging services and an orthopedic urgent care center.

The ASC features a one-to-one nurse-to-patient ratio, two ORs and is staffed by nine physicians.

**New Mexico Orthopaedic Surgery Center (Albuquerque, N.M.).**

New Mexico Orthopaedic Surgery Center is an orthopedic-focused, United Surgical Partners International-affiliated ASC. The Joint Commission-accredited ASC opened in 2001 and performs more than 2,500 procedures annually. The ASC features six ORs and one treatment room and offers services in orthopedics, pain management and podiatry. According to Ron Rives, administrator of the center, the ASC's success relates primarily to its involved partners, which includes more than 20 physicians, its staff and corporate partner United Surgical Partners International. The ASC continues to grow and has planned a \$3.5 million expansion beginning in Dec. 2010, according to Mr. Rives.

**The Orthopedic Surgery Center of Arizona (Phoenix).**

The Orthopedic Surgery Center of Arizona is a physician-owned, state-of-the-art outpatient surgery center specializing in orthopedics. The AAAHC-accredited ASC was developed by 15 orthopedic surgeons and Cornerstone Surgical Partners. All of the ASC's physicians, nurses and healthcare professionals are actively involved in operational decision-making and aim to provide the utmost in quality care and personalized

service. The Orthopedic Surgery Center of Arizona maintains a patient satisfaction rating above 98 percent and now uses this rating as a minimum standard, says to Gary Throgmorton, administrator of the center.

**Orthopaedic Surgery Center of La Jolla (La Jolla, Calif.).**

The Orthopaedic Surgery Center of La Jolla is the orthopedic ASC of Surgery One, a network of four outpatient surgery centers located in and around San Diego. The center offers a full range of surgical services from minimally invasive spine surgery and arthroscopic and reconstructive orthopedic surgery to cutting-edge treatments for chronic pain. Ten spine surgeons, 18 orthopedic surgeons and five pain management physicians are affiliated with the center. The surgery center is driven by its goals, which include offering the best and most current state-of-the-art technology, impacting the industry, pursuing an outstanding reputation and maintaining profitability.

**Orthopaedic Surgical Center of the North Shore (Peabody, Mass.).**

OSCNS is a 16,500-square-foot ASC that opened in 2004. The ASC's medical staff includes 11 orthopedic surgeons from Sports Medicine North in Peabody as well as three pain management specialists, one podiatrist and three urologists. The

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center is an independent ASC privately owned by surgeons, an anesthesiology group and the center's CEO. Physicians at the center performed more than 5,400 cases in 2009 and have performed approximately 23,000 cases since the ASC's opening. OSCNS has recently become involved in a research study on the use of a new type of spinal implant and also offers physical therapy and MRI services on site. John Powell, MBA, CEO of OSCNS, says the center's development was challenging but a worthy pursuit. "We were the first independent orthopedic ASC in this state and accomplished setting this up even though most consultants and trade journals said it could not be done because of the hostile regulatory environment in Massachusetts, a fact of which we are rightly proud," he says.

**Parkway Surgery Center (Hagerstown, Md.).** Parkway Surgery Center offers comprehensive spine treatments and non-invasive spine surgical procedures in a state-of-the-art outpatient facility. The physician-owned surgery center, which is part of the Blue Chip Surgical Center Partners network of physician-led surgery centers, features four neurosurgeons specializing in the spine and three pain management specialists. The center prides itself on providing world-class care and using the latest technology at an affordable cost. Procedures performed at

the center include facet injections, nerve blocks, radio frequency ablation, laminotomy, laminectomy and discectomy.

**Peak One Surgery Center (Frisco, Colo.).** Peak One Surgery Center is one of the leading ASCs in Colorado. Located near Summit Medical Center, the ASC features the following specialties: orthopedic surgery, pain management, urology, gynecology, ENT, gastroenterology, general surgery and ophthalmology. The center is a partnership between Summit Surgical Group and St. Anthony Summit Medical Center in Frisco. The ASC's orthopedic medical staff includes 10 orthopedic surgeons from Vail Summit Orthopedics & Sports Medicine and the Steadman Hawkins Clinic, also based in Vail. A majority of the procedures performed at the clinic are orthopedic-focused, and the center is AAAHC-accredited.

**Ravine Way Surgery Center (Glenview, Ill.).** Ravine Way Surgery Center, an orthopedic and pain management-focused ASC, opened its doors in 1996. Today, the center performs approximately 1,600 cases annually. The ASC features three ORs and a one procedure room, and has 24 physicians on staff. According to Melody Winter-Jabeck, administrator at the center, Ravine Way is successful because of a strong commitment from its physicians-owners and a

strong management team and experienced staff. The center, however, judges its success by the care it provides to its patients and is most proud of its very high patient satisfaction ratings, says Ms. Winter-Jabeck.

**Reading Surgery Center (Wyomissing, Pa.).** Reading Surgery Center opened in 2001 to provide convenient, customer-friendly outpatient surgical services in the greater Reading (Pa.) community and to its physicians and patients. The center is the longest-standing multispecialty ASC in Berks County, Pa., and it features three ORs and one procedure room. The ASC's medical staff includes seven orthopedics surgeons, four pain management specialists, six podiatrists as well as two gynecologists, two ophthalmologists and one plastic surgeon. Orthopedic surgeons practicing at the ASC represent several area orthopedic practices including Reading Neck & Spine in Wyomissing, Independence Orthopedics in Pottstown and Berkshire Orthopedic Associates in Wyomissing. Physicians at the center performed more than 6,700 cases in 2009, including spine cases such as laminectomies and ACDFs. For the past three years, the center received a perfect score on its annual state licensing survey, and the center also received a perfect score an unannounced Medicare survey this year, says Kathleen Royles, administrator of the center.



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**Rockford Orthopedic Surgery Center (Rockford, Ill.).** Rockford Orthopedic Surgery Center is the ASC of Rockford Orthopedic Associates, an orthopedic practice of 18 orthopedic surgeons and two podiatrists. The center opened in 2004, and its surgeons perform a number of orthopedic procedures not requiring overnight stays in addition to pain management procedures. The ASC offers the latest medical technology, advanced procedures and state-of-the-art equipment. Physicians at the center performed approximately 2,800 surgical cases and more than 5,300 procedures in 2009. ROSC is currently running at near capacity and its leaders are presently reviewing plans for expansion, according to Lynne Pratt, marketing communication director for Rockford Orthopedic Associates.

**St. Louis Spine Surgery Center (Creve Coeur, Mo.).** St. Louis Spine Surgery Center is a freestanding, pain management and spine surgical facility. The 6,000 square-foot center, part of the Blue Chip Surgical Center Partners network of physician-owned surgery centers, is home to six pain management physicians, two orthopedic surgeons and two neurosurgeons. The center features two operating rooms and offers a variety of outpatient pain management,

orthopedic and neurological procedures. The center aims to offer personal attention and the highest quality surgical care using the latest technology, at an affordable cost.

**Surgery Center of Reno (Reno, Nev.).** Surgery Center of Reno is a multispecialty ASC with a strong orthopedics program. The center is located next to St. Mary's Regional Medical Center in Reno and is the only freestanding surgery center in Reno with direct hospital access if the need arises to transfer to a higher level of care. The center's medical staff includes four spine surgeons, eight orthopedic surgeons and six podiatrists. Spine surgeon James Lynch, MD, serves as chairman of the board of directors for the center. Other surgical medical specialties offered at the center include pain management, ENT, urology, ophthalmology, OB/GYN, general surgery and oral surgery.

**Tucson Orthopaedic Surgery Center (Tucson, Ariz.).** Tucson Orthopaedic Surgery Center specializes in orthopedic and pain management procedures, performing approximately 6,900 procedures in 2009. The 11,500 square-foot facility features four ORs and serves 19 surgeons affiliated with Tucson Orthopaedic Institute. Tracy Kruse, RN, director of nursing

at the center, says staff members are the biggest contributors to the ASC's success. "Our entire staff — from housekeeping to management and everyone in between — has a committed interest and desire to ensure that we provide excellent support not only to our patients but to each other as well," she says. In February, three surgeons from the ASC traveled to Haiti to aid in the relief efforts and the center donated supplies and equipment, working with local agencies to ensure the donations reached Haiti, says Mr. Kruse.

**Wildwood Surgical Center (Toledo, Ohio).** Wildwood Surgical Center is an 18,000 square-foot multispecialty surgery center with five operating rooms. The center, operated by ProMedica Health System, is home to 50 physicians in addition to 44 clinical and administrative staff. Physicians at the center perform approximately 6,000 procedures annually. The center's orthopedic program is part of ProMedica's Orthopaedic Institute, and common orthopedic procedures performed at the ASC involve the knee, shoulder and foot and ankle. ■

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# Brief Analysis on How Healthcare Reform Impacts ASCs and Physician-Owned Hospitals – 10 Observations

By **Scott Becker, JD, CPA, Leigh Page and Rob Kurtz**

**F**or physician-owned hospitals, the healthcare reform bill and its impact is very clear and very negative. For ASCs, there is much less direct impact and the long-term impact is much less clear.

**1.** As to physician-owned hospitals, the bill will preclude new facilities which are not Medicare-certified by Dec. 31. The bill doesn't include any similar provision for ASCs nor do observers expect any such prohibition.

**2.** For existing physician-owned hospitals, it places immediate limits on expansion of operating rooms, beds and procedure rooms, limits aggregate increases in physician ownership and imposes immediate disclosure requirements. Hospitals are also prohibited from conditioning physician ownership on the physician referring cases to the hospital. This can create challenges even for hospitals that are acting in a wholly appropriate manner.

**3.** Many planned physician-owned hospitals that are under construction will be able to meet the Dec. 31 deadline and breathed a sigh of relief. Others will not be able to meet the deadline for Medicare certification and will need to assess a new strategy as to how to complete their projects and operate. They are assessing multiple different options.

“Obviously, these provisions are extremely harmful...,” said Molly Sandvig, JD, executive director of Physician Hospitals of America, in a press release. “They virtually destroy many of the hospitals that are currently under development, and leave little room for the future growth of the industry.”

**4.** As to ASCs, the legislation will have little in it that directly relates to ASCs. From an ASC industry perspective, this is largely very good. It will provide new incentives for preventive care which include, in part, a waiver of copayments for procedures like colonoscopies. It avoided an impact on the pricing of ASC services and the ASC payment system. It will require CMS to work with ASC industry stakeholders to develop a report to the Congress by 2011 describing how Medicare could incorporate value-based purchasing strategies for ASCs, according to Andrew Hayek, CEO of Surgical Care Affiliates and chair of the Ambulatory Surgery Center Advocacy Committee, in a press release.

It also avoided a requirement for ASCs to file Medicare cost reports. The original House version of the bill required ASCs to submit reports

so CMS would have data to determine ASC reimbursements. Nothing good could have come out of the reporting, says Marian Lowe, senior vice president of federal health policy for Strategic Health Care. “Because the data would not be used as the basis for payment, CMS would not audit the cost reports, calling into question the accuracy of analysis based on reported data,” she says. “Despite ASCs’ role in creating savings for the healthcare system, there is a significant gap in payment rates between HOPDs and ASCs. ASCs offer CMS and patients savings opportunities, yet continued pressure on ASC payments could shift care to return to more expensive surgical settings.”

**5.** Longer term, the providing of authority to an independent MedPAC type of board — the new Independent Payment Advisory Board taking effect in 2015 — may give ASCs much greater concern as it would have unprecedented

powers to reduce Medicare payments for ASCs, physicians and other providers, except hospitals. “The board is a really worrisome thing for ASCs,” says David Shapiro, MD, a partner in the Ambulatory Surgery Company. “Will it have overarching authority over reimbursement?” If the board’s powers are left intact, Dr. Shapiro says the ASC industry will have to work closely with it, as it currently does with MedPAC, to make sure ASCs’ views are heard, a sentiment shared by Mr. Hayek.

“Our team of advocates in Washington will remain at the table to ensure that ASC interests are protected as the administration begins the complex task of implementing the new law,” said Mr. Hayek in the press release. “We will be vigilant throughout the implementation process to ensure that ASCs can provide services for the newly insured patients at rates that keep the industry economically viable.”



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6. ASCs may also take some comfort on the addition of 30 plus million covered lives to the insurance pool. Many of these patients are expected to be on Medicaid, which pays low in many states. "That would be painful and put new pressures on efficiency of management within an ASC," says Barry Tanner, president and CEO of Physicians Endoscopy. "But I believe ASCs could handle it. Most of them have at least some excess capacity that could take on a certain amount of patients without losing money, even at Medicaid-level rates, without losing money."

7. It remains to be seen long-term whether the legislation will discourage the independent and smaller group practice of medicine versus very integrated systems. This is a key issue for ASCs in that a large proportion of ASC users and owners come from small to midsize independent group practices. Some trends are already stacking up against this segment, which makes physician recruitment more difficult as less independent physicians are available. A huge question is whether the long-term impact of this legislation will be to further discourage the small- and mid-sized practice of medicine.

8. The second great long-term concern of the ASC industry may be whether and to what extent the health insurance industry remains viable and a better payor for ASC services. In many situations, commercial payors are the source of most ASC profits.

9. A final large, overriding concern is whether reimbursement will be threatened from Medicare due to the overall cost of providing coverage to a much larger pool of people.

10. Overall, the results for physician-owned hospitals are very negative. The results for ASCs are very uncertain. ■

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# Will the Physician-Owned Surgery Center Remain a Viable Business Model: Q & A With Healthcare Futurist Joe Flower

By Lindsey Dunn

**J**oe Flower, a healthcare futurist with 30 years' experience who has worked with clients ranging from World Health Organization to the Global Business Network and numerous hospital associations and a keynote speaker at the 8th Annual Orthopedic, Spine and Pain Management Driven ASC Conference, explores the question: "Will physician-owned surgery centers remain a viable business model given current and future healthcare reform efforts?"

## Q: Do you think physician-owned surgery centers will remain viable?

**Joe Flower:** As a futurist, I look at the forces out there affecting this question and if those forces are getting stronger or weaker. The essential question, here, of whether or not physician-owned surgery centers can remain viable, I took to mean, "Can they continue to expect the kind of growth and profitability they have historically seen over the past several decades?"

Surgeons have long argued the cost-effectiveness of their operations, since an ASC gets much lower reimbursements than a hospital. But increasingly, the competition will not be with the

hospital price, but with the overseas price (which can be 25 percent or less than ASC pricing), the price of medical management of a condition (which can be 10 percent or less than ASC pricing) or zero — the price of doing nothing at all.

## Q: So, what are the various forces influencing the future viability of surgery centers?

**JF:** Well, there are several that, when combined, seem to challenge the viability of the ASC model. First, we have already seen the emergence of studies questioning the cost-effectiveness of some surgical operations for some diagnoses. While these operations may be medically appropriate and effective, they might cost more than other modalities deemed equally effective. Comparative effectiveness research is on the rise (now at \$1 billion per year), and we expect the government and private insurers to eventually refuse to cover more expensive procedures that appear to be no more effective than less-expensive procedures. This is concerning for ASCs because this research focuses especially on high-cost areas of healthcare thought to have a possibly viable alternative, and many of the diagnoses explored

are the same ones being treated at ASCs. While patients can always go outside insurance for treatment, when this occurs, costs have traditionally dropped dramatically, as has been the case in the cosmetic surgery and laser eye surgery markets.

Second, we will see steeply rising premiums in private insurance. Coverage mandates don't go into effect until 2014, and the recession has caused more and more individuals to go without insurance. Healthy people are more likely to go without than are those with costly chronic conditions, which drives up the cost of coverage. Even after the mandates go into effect, the healthy are likely to enroll in plans with high deductibles and less comprehensive coverage. Additionally, the new healthcare law will only allow insurers to discriminate pricing based on age, not gender or medical conditions. The law also includes a provision that the cost of insurance for the older enrollees can be no more than three times the cost of coverage for younger enrollees. This means rather than bringing down the cost for older individuals, the cost for younger enrollees will go up. As costs increase, we'll see a movement of more and more people to "skinny," high-deductible plans in which people assume more of the burden of payment for actual medical services, and this includes most of the newly insured in 2014. The reasons that cause the currently uninsured not to have insurance will cause most of them to choose HDHPs when coverage is required.

Therefore, ever-increasing pressures on cost, and even the possibility of a second round of healthcare reform after the 2012 election, perhaps much more draconian, focused on cost alone, also further challenges the viability of surgery centers. During this round of health reform, providers largely escaped caps or other dictations on price, but this may not always be the case. It would be very difficult, politically, to drive down Medicare payments, but it may end up being something that needs to be done. Caps on private insurers would probably be less politically difficult because more voters are exposed to this market, and voters would probably cheer it on if it meant driving down their healthcare costs.

Finally, there is a flood of new information sources to help people make medical decisions, especially focused on high-cost areas that may have a viable alternative. As healthcare costs increase for consumers, the end customer is going to feel much more pressure to make a wise decision because their money is now on the line.

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**Q: With more money from consumers on the line, wouldn't ASCs benefit from being cost-effective facilities?**

**JF:** While currently a cost-effective option, ASCs will increasingly face competition from overseas facilities and medical management, both of which are almost impossible to compete with on costs alone. Some insurers and self-insured organizations today are covering procedures at foreign facilities, and I expect more insurers to cover these in the years to come. Different diagnoses have different possibilities of being performed out of the country, of course, but the ones that are more vulnerable to go overseas are the ones most often associated with ASCs.

With patient costs on the rise and greater consumer access to comparative effectiveness research, we may also see more patients foregoing surgery and instead using other non-invasive treatments for their conditions. We may also see more health plans require medical management for a certain amount of time before they agree to cover surgery. Patients, however, can always go to outside payors. If this occurs, more surgeries could become like cosmetic surgery — perfectly legal, widely available, but bought out of one's own pocket. ASCs could market to these consumers, but as I mentioned before, if this occurs, costs to consumers will drop, likely reducing ASC revenue.

**Q: Given these forces of cost pressures, increasing patient responsibility and growing consumer access to comparative effectiveness and cost information, how will the healthcare industry as a whole adapt?**

**JF:** Insurers will likely move to capitated plans (where a physician is paid each month for overall care of a patient or care of a certain condition) and bundled payments. In order to profit given these payment arrangements, we will see providers consolidate and integrate and offer more bundled products

(such as for a hip transplant), with transparent, stable prices and warranties.

**Q: If these forces do indeed create more integrated healthcare delivery systems, what happens to the standalone ASC?**

**JF:** These and other pressures make it appear that the small, highly-focused, independent ASC will likely become a much more difficult business model to maintain at current levels of growth and profitability. We are likely to see more consolidation into larger organizations treating a wider variety of diagnoses, and more consolidation of free-standing surgery centers into the larger corporate context of hospitals and healthcare systems.

**Q: And what about the entrepreneurial physician, will that concept become obsolete?**

**JF:** Not every physician is going to end up being on salary to a healthcare system. Some models will emerge with varying levels of integration. Some systems might be similar to Kaiser, while others might be modeled after the Mayo Clinic, which is a large physician-owned multispecialty practice with its own facilities. There may also be more loosely jointed networks similar to Intermountain Healthcare, where the physicians work closely with the system but aren't necessarily on its payroll. These consolidations need not come in the form of monolithic hierarchies. There are multiple business structures available in which surgery centers and other specialty organizations can work with larger entities. All things considered, the coming years are likely to be as great a period of change for ASCs as they are for the rest of healthcare. ■

*Hear Joe Flower speak on "The Changing Future of Healthcare in the United States" at the 8th Annual Orthopedic, Spine and Pain Management Driven ASC Conference: Improving Profitability and Business and Legal Issues (June 10-12, 2010: Chicago). To register, visit [www.ascassociation.org/june2010.cfm](http://www.ascassociation.org/june2010.cfm).*



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**B**ecker's ASC Review/Becker's Hospital Review has announced its list of the "100 Best Places to Work in Healthcare." The 2010 list was developed through nominations and research, and the following organizations were selected for their demonstrated excellence in providing a work environment that promotes teamwork, professional development and quality patient care. For a variety of reasons, the editors ultimately determined to exclude certain categories of companies from the list and thus didn't include any companies from the following categories: valuation firms, billing and collections companies and minority ownership ASC companies. Clearly certain companies in these areas were also worthy of inclusion.

To view profiles of and learn more about the 100 Best Places to Work in Healthcare, visit [www.BeckersOrthopedicandSpine.com](http://www.BeckersOrthopedicandSpine.com). *Note:* Organizations are listed alphabetically by name.

Access MediQuip (Lake Mary, Fla., and Houston)

Access Sports Medicine & Orthopedics/Northeast Surgical Care (Exeter, Newington, N.H.)

Advocate Health Care (Oak Brook, Ill.)

Alabama Digestive Health Endoscopy Center (Birmingham, Ala.)

Alexian Brothers Hospital Network (Arlington Heights, Ill.)

Ambulatory Surgery Center of Stevens Point (Stevens Point, Wis.)

Anesthesia Staffing Consultants (Bingham Falls, Mich.)

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# 8 Best Practices for a Profitable ASC Orthopedic Service Line

By Lindsey Dunn

**O** rthopedics can be extremely profitable for surgery centers if certain best practices are used to ensure efficient operations and quality care in this service line. Becky Mann, director of Houston Orthopedic Surgery Center in Warner Robins, Ga., and Timothy Kremchek, MD, medical director at Beacon Orthopedics and Sports Medicine and a physician-owner of the clinic's surgery center, discuss eight best practices for a successful and profitable orthopedic service line in an ASC.

**1. Know approximate reimbursement and case cost for all procedures before they take place.** ASCs must consider reimbursements versus case costs, including staffing costs and supplies, for all procedures to ensure there will be an adequate profit margin, says Ms. Mann. Scheduling all possible surgeries is likely not a profitable as being more strategic in case selection and scheduling.

"There needs to be a balance between knowing what the insurance company is going to reimburse you and what it's going to cost you to do the procedure," says Ms. Mann. "It's great to say you have 15 cases to do in a day, but if for five of those cases you are paying staff overtime, it's not worth it."

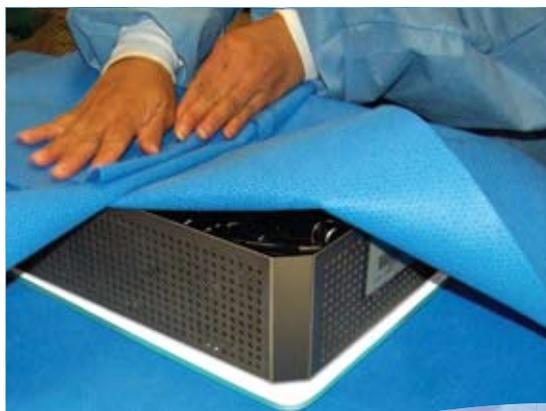
**2. Reduce supply costs by actively comparing vendors.** One way that ASCs can reduce case costs fairly easily is to reduce supply costs. Administrators or purchasing managers must actively compare vendor pricing to ensure that the center is getting the best deal on its supplies. Ms. Mann recommends using a group purchasing organization to further reduce costs but recommends that purchasers continue to compare costs of the GPO with outside vendors rather than assume the GPO's contract brings the best price.

Administrators should also encourage physicians to use the same brand and type of supplies, such

as plates, screws and anchors, for similar cases, which reduces supply costs by reducing the number of vendors that an ASC uses. Showing physician-owners the savings of such uniformity is a fairly easy and often successful way to convince them to agree to a single supply set.

Administrators must also be aware of and prepare for possible fluctuations in supply costs. For example, in 2010, ASCs can expect to see increases in the cost of face masks due to increasing demand for them brought on by the swine flu, says Ms. Mann.

**3. Limit implant vendors.** ASC administrators should try to limit the number of vendors used for implants as increased volume with one vendor should reduce implant costs, says Ms. Mann. ASCs may also want to consider using an implant device management company and should always attempt to carve-out device reimbursement in third-party contracts.



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**4. Educate staff about orthopedic procedures.** A key to increasing efficiency in your orthopedic service line is ensuring that your staff is knowledgeable about each procedure that will be performed at the ASC.

“Spend the time early on to educate staff, including pre- post- and OR staff, about what you’re doing and why you’re doing it,” says Dr. Kremchek. “The more they understand what you’re doing, the more they understand and anticipate what needs to be done, which makes the surgeon more efficient.”

**5. Encourage frequent communication between the ASC and physician offices.**

Another key to improving the efficiency of orthopedic cases is opening and encouraging frequent communication between ASC front-office staff and physician offices. Frequent communication helps ensure that the ASC schedules cases properly, obtains accurate and complete patient information and understands physicians’ preferences. For example, if a physician is performing a meniscus repair, his or her office staff should automatically communicate information about the instrumentation the ASC so that there is no missing instrumentation during the surgery, says Dr. Kremchek.

“Develop a relationship between the people in your office and those at the ASC so that information can easily go back and forth, and there are no lapses in communication,” says Dr. Kremchek.

**6. Benchmark.** Benchmarking the performance of your ASC on key indicators, such as infection control, patient falls, patient burns, antibiotic protocol, case cost and OR turnover time, within the orthopedic service line is important for identifying areas where improvement is possible, says Ms. Mann. ASC leaders can use national ASC surveys and data to benchmark or join formal or informal groups of ASCs to share data.

**7. Encourage surgeons and anesthesia staff to coordinate their efforts.** Ensuring that blocks and other anesthetics are administered at times that make the surgeon most efficient is also very important to success for an orthopedic service line.

“Work with anesthesia to help them understand how [surgeons] want to coordinate their blocks,” says Dr. Kremchek. “This is very important for ensuring that procedures can begin in a timely manner. Otherwise, you may be waiting in a room before a procedure can start.”

**8. Always be aware of industry issues and your own contracting issues that could affect the profitability of your ASC.** It’s critical that both ASC administrators and physicians remain informed of changes on the horizon that may affect the ASC.

“You need to constantly be looking at your contracts and Medicare payment rates to determine if you expect an increase or decrease in revenue,” says Ms. Mann. Knowing what the future holds for your ASC will allow you to plan accordingly for regulations and other issues that could affect profitability. ■

Contact Lindsey Dunn at [lindsey@beckersasc.com](mailto:lindsey@beckersasc.com).

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# 9 Reimbursement and Business Concepts for Orthopedics in ASCs

By Lindsey Dunn

## 1. New CMS ASC payment system has generally increased orthopedic reimbursements.

The transition to the new CMS ASC payment system, which pays centers at a percentage of HOPD rates, has increased the reimbursement rates of most orthopedic procedures, says Jay Rom, president of Blue Chip Surgical Center Partners. The system, which went into effect Jan. 1, 2008, and was designed to be phased in over a four-year period, continues to benefit orthopedic service lines as the percent of the payment formula determined by the new system is phased into the overall ASC reimbursement rate.

The 2010 Medicare unadjusted base rates for a few of the more popular ASC orthopedic procedures are as follows:

- Arthroscopy, shoulder (CPT 29806) — \$1,588.70
- Arthroscopy, knee (CPT 29875) — \$1049.62
- ACL repair, arthroscopically (CPT 29888) — \$2,785.52

## 2. Medicare payment increases can lead private payors to increase their payments.

“CMS’s revamped reimbursement methodology significantly increased orthopedics, and we’ve been able to use that with other payors,” says Mr. Rom. “If Medicare is recognizing that reimbursement needs to increase, in many cases, other payors will follow suit.”

Additionally, because many commercial payors negotiate payment rates at a percent of Medicare, increases in Medicare reimbursement could potentially lead to increases in rates from commercial payors, says Eric J. Woollen, vice president of managed care for Practice Partners in Healthcare.

## 3. Increased payments have allowed more orthopedic cases to be performed in the ASC setting.

Rising reimbursement has allowed physicians to bring cases to the ASC over the past few years that traditionally may not have made sense to perform in the ASC setting, says Mr. Rom. “Implant-heavy procedures and more complex cases, as well as some fracture work, now make sense financially for the ASC,” says Mr. Rom. “However, the challenge is that not all payors will reimburse adequately, so what makes sense financially needs to be determined on a payor by payor basis.”

## 4. Regularly evaluate contracts with private payors.

ASCs must stay on top of their contracts to ensure the payment rates cover their costs and provide adequate profit.

Mr. Woollen says an ASC should never pass up an opportunity to renegotiate a contract upon renewal. “You always want address these because cost structure changes every year, such as changes in case mix and changes in overall costs,” he says.

Mr. Rom recommends ASCs administrator work with payors to negotiate rates that cover costs and provide a reasonable profit. If these negotiations fail, administrators should educate their physicians about which cases from which payors are not financially feasible in the ASC because the reimbursement is less than the cost, he says.

Mr. Woollen echoes his sentiment. “Our challenge is to demonstrate to payors that we’re providing value and costs savings for plans and for the patients because our setting is more cost-effective than the hospital,” he says. “Because of co-insurance, rising deductibles and increased cost sharing, we’re ultimately saving both the plan and the patient money.”

## 5. Case costing is fundamental.

In order for ASCs to know which procedure and payor combinations are profitable, ASCs must understand the cost of each procedure performed by each surgeon, says Mr. Rom.

“If ASCs don’t understand case costs, they don’t have the knowledge to know which cases they’re losing money on, and they lack the ammunition to go to payors to explain why their payment rate doesn’t make sense,” he says.

## 6. Payor contracts must address implant costs.

Implant costs are a critical component of any contract negotiations, says Mr. Woollen. ASCs should carve out procedures with expensive implants to ensure they are adequately reimbursed for implant costs.

“Payors are generally receptive to carve-outs because of implant costs and the time required for certain procedures,” says Mr. Woollen. “ASCs can validate these high costs by showing payors their implant invoices and demonstrating the need for payors to negotiate fair reimbursements that build in some profitability.”

Ralph Gambardella, MD, an orthopedic surgeon and president of Kerlan-Jobe Orthopaedic Clinic in Los Angeles, which also operates an ASC, says that carve-outs are crucial to orthopedic profitability. “As more and more orthopedic surgeries are done in the outpatient setting, more and more surgeries will require implants. Because of the high cost of implants, these procedures have to be carved out or you’re dead, financially,” he says.

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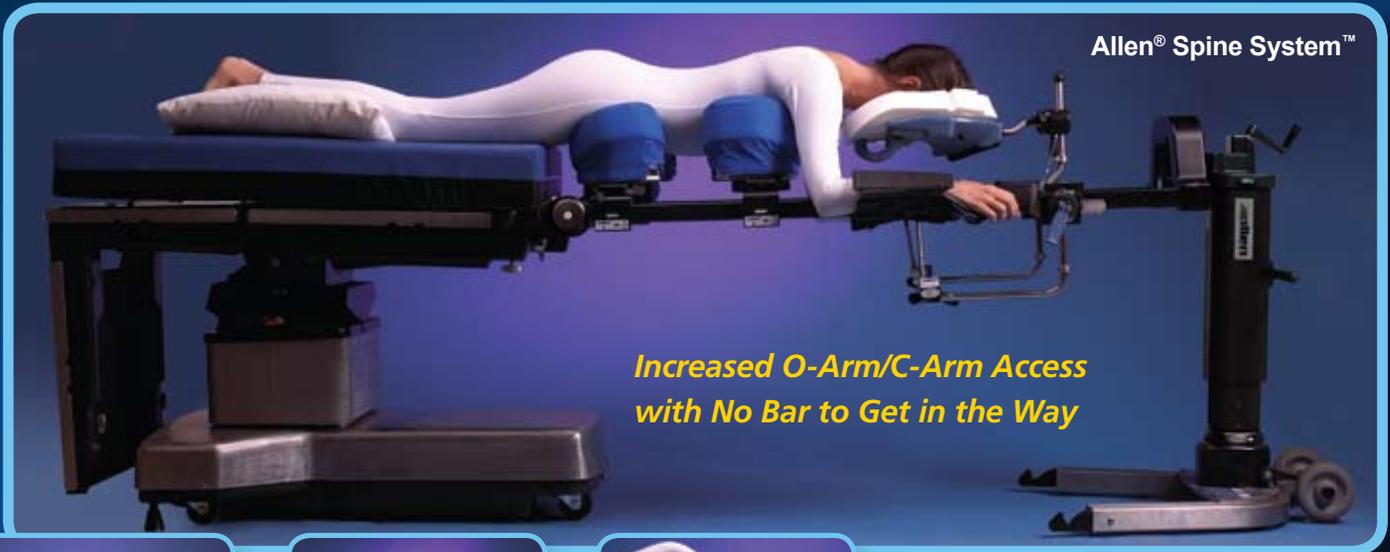
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**7. Work with physicians and vendors to reduce implant business.** ASCs can tap their physicians and vendors to bring down the costs of implants.

"Make the vendors compete for implant business," says Mr. Rom. "Once you know you'll start a new procedure or service that requires a new type of implant, work with the physicians to minimize variation of implant price and negotiate with vendors to find the one offering the most cost-effective pricing."

Although encouraging physicians to use the same implants can save an ASC money, Dr. Gambardella warns it can also negatively impact physician satisfaction. "The challenge of providing only one brand of implant in order to negotiate a better price is that you are still dealing with multiple physicians who prefer different products," he says. "You could potentially lose a physician's business to another center if that center offers the implant he or she prefers."

**8. Consider adding additional, profitable orthopedic procedures.** ASCs should also consider adding profitable orthopedic procedures, such as spine cases and partial knees, which are growing in popularity in the outpatient setting, says Dr. Gambardella.

Mr. Woollen agrees. "Adding these procedures, if implants are covered, can be fairly profitable and provide a better experience for the patient, but you need to carve them out so it makes sense for the ASC to perform them," he says.

Alejandro Badia, MD, FACS, founder of the Badia Hand to Shoulder Center in Miami, a fully-integrated orthopedic facility, which includes an ASC, says some orthopedic trauma cases can also be profitable in the ASC. "We've been doing trauma cases in our ASC for about a year-and-a-half," he says.

**9. Un-affiliated orthopedic surgeons are still available in some markets.** The surest way to increase profitability in any service line is to add additional cases, which can be done fairly easily by bringing in a new physician user. While it is difficult in some markets to find orthopedic surgeons that are not already affiliated with an ASC, these physicians are quite available in other markets.

"The challenge is convincing other surgeons to change their habits," says Dr. Badia. It's starting to happen as cases trend more and more to the ASC setting, but many other surgeons continue to operate at hospitals, which are largely inefficient operations, out of habit. I personally don't see how they do it." ■

Contact Lindsey Dunn at [lindsey@beckersasc.com](mailto:lindsey@beckersasc.com).

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## 6 Reimbursement and Business Concepts for Spine in ASCs

By Lindsey Dunn

**1. Negotiations with payors can be more difficult for spine than orthopedics.** Since Medicare does not reimburse spine cases in the outpatient setting, negotiating ASC rates for spine cases with private payors can be more difficult than other specialties because payors often set rates at a percent or multiple of Medicare rates.

“Negotiating for spine is much more difficult than orthopedics because payors don’t really know how to pay for spine — Medicare doesn’t reimburse it in the ASC,” says Jay Rom, president of Blue Chip Surgical Center Partners. “You should negotiate off of what payors are paying the hospital. You want to be less expensive than the hospital and sell that to the payors.”

Mr. Rom suggests administrators check payor Web sites for information on estimated costs for spine procedures at the hospital. This will give them a better sense of current payor costs as

insurers are increasingly making cost estimates available to their members.

Blue Chip ASCs are typically able to offer a 30-40 percent discount over hospital costs to payors while still covering costs and building in a profit, says Mr. Rom.

**2. Don’t add spine before examining and renegotiating existing contracts.**

If an ASC is considering adding a spine service line, it should not add the services before closely examining its current contracts with payors.

“Because many contracts do not include codes that Medicare does not cover, existing payor contracts are not likely to include spine reimbursement,” says Mr. Rom. “A lot of contracts have a default category for cases not covered elsewhere in the contract, and this will almost never be feasible for spine. You have to start negotiations with the payor early, because the process doesn’t usually go quickly.”

**3. Contracts with payors must address implant costs.**

Just as with orthopedic cases, considering implant costs are critical to profitable spine cases. In fact, they may even be more important for spine cases because implant costs typically run higher with spine — as much as \$2,000-\$5,000 per case — than in traditional orthopedic cases, says Mr. Rom.

Mr. Rom says spine cases must be carved out or the case rate must be built to assume implant costs. Since implant costs can vary from physician to physician — sometimes by as much as \$3,000 — rates must also cover the most expensive physician, he says.

“While we do a lot of work trying to minimize cost differences, there are practice differences that are going to exist. Some physicians are trained with different materials that just cost more,” says Mr. Rom.

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**4. Allow 6-12 months for negotiations and don't be afraid to walk away.**

Mr. Rom suggests existing centers allow six months to negotiate with payors, while new centers should allow up to a year. ASCs must also know their case costs and work from the cost up. "Understand your implant and facility costs and build in a sufficient level of profit," he says.

"If an ASC already has a contract with a payor, it can move more quickly, but you may have to terminate the contract if the payor will not come around," says Mr. Rom. "It depends on how important and how big of an opportunity it is to the ASC to bring the spine cases. Look at the termination provision and threaten to use it or use it."

Kamshad Raiszadeh, MD, director of the Advanced Spine Institute of Alvarado Hospital in San Diego and a physician-owner of the recently-opened Physicians Surgery Center in San Diego, says his ASC had to be willing to exclude payors that didn't offer good contracts as the ASC would only lose money on the cases. So far, Physicians Surgery Center has remained in-network with its payors, but Dr. Raiszadeh reports that other ASCs in the area performing spine procedures have found some success by going out-of-network. "The reimbursements are

higher [for out-of-network ASCs], but the volume is more variable," he says.

Mr. Rom suggests ASCs be as active as possible in helping payors understand spine at ASCs and the cost-saving benefits of contracting with a center.

**5. Reduce implant costs by negotiating with vendors.**

Since steeper discounts are offered on implants as more devices are ordered, ASCs should work to reduce the number of vendors they order from.

Mr. Rom says Blue Chip ASCs typically try to use only 1-2 major vendors, which allows them to negotiate exclusive contracts offering better pricing.

ASCs may also find additional discounts by joining with other facilities to order implants. Dr. Raiszadeh says he is familiar with several ASCs that have joined together to order implants and receive bulk pricing as a result. He also said that ASCs with hospital partners may benefit from using the hospital's volume to its advantage.

**6. Pursue workers' compensation cases.**

Worker's compensation cases traditionally reimburse well for spine in the ASC setting, so physician-owners should consider performing these cases in the ASC, when appropriate.

Dr. Raiszadeh says many of his workers' compensation cases, including most anterior cervical and lumbar discectomies and some fusions, can be performed in the outpatient setting. These cases bring additional revenue to an ASC, and building relationships with workers' compensation representatives can be beneficial. ■

Contact Lindsey Dunn at [lindsey@beckersasc.com](mailto:lindsey@beckersasc.com).

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# 50 Great ASC Administrators to Know

Complete profiles of all 50 administrators are available at [www.BeckersASC.com](http://www.BeckersASC.com). *Note:* Administrators are listed in alphabetical order.

## **Margaret Acker (Blake Woods Medical Park Surgery Center, Jackson, Mich.)**

Ms. Acker is CEO of Blake Woods Medical Park Surgery Center, a three-OR, multi-specialty center in Michigan. Blake Woods's surgeons perform around 6,000 cases annually. Ms. Acker has been with Blake Woods since July 2000. Prior to coming to the ASC, she was a director at a home health agency and also worked as a floor nurse, a nursing supervisor and a clinical nurse manager in acute care.

Blake Woods has seen a lot of growth and success under Ms. Acker's leadership. "We have done major work in improving our efficiencies through physician and staff initiatives and well as a significant remodel of the physical plant," she says. "We moved to EMR 15 months ago and have automated our inventory, all the while keeping our patient satisfaction in the 95th percentile or better. It seems that there is always

some project to complete to make the center better for patients, surgeons and staff."

The role of an administrator is ever-changing and fairly demanding, according to Ms. Acker. "Doing the job right keeps me intellectually engaged all the time. This business is dynamic, and one must keep on top of all the new information and implement requirements as dictated. I am a business major turned nurse, so I get to marry the clinical and operational."

## **Ross Alexander, MBA (Surgery Center of Fort Collins, Fort Collins, Colo.)**

Mr. Alexander is administrator at The Surgery Center of Fort Collins, a multi-specialty ASC which is owned and managed by a group of surgeons, Poudre Valley Health System and Surgical Care Affiliates. SCFC originally was a HealthSouth facility prior to physicians buying the controlling interest in 2000. Mr. Alexander began at SCFC in 2003 as its business manager but was promoted to administrator one year later when his predecessor took a position with an ASC management company. He has previously worked for the Wyoming Department of Health and

Poudre Valley Health. Mr. Alexander also served as a practice administrator for short period prior to joining SCFC.

Mr. Alexander has also worked alongside EVEIA HEALTH Consulting & Management to educate payors in SCFC's market about the value of ASCs and to methodically update the center's payor contracts. "By improving contracts, we have been able to create a win-win situation for SCFC and payors to move certain procedures from more costly inpatient venues to SCFC thus providing more cost effective high quality care at our center," he says.

What Mr. Alexander enjoys most about being an administrator is the variety of the job. He says, "I like the diversity of challenges faced everyday and take pride knowing that I am involved in an industry that is part of the health-care-cost solution."

## **Amy Allard (Ramapo Valley Surgery Center, Ramsey, N.J.)**

Ms. Allard is administrator of Ramapo Valley Surgery Center, which opened in fall 2005. Surgeons at RVSC



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perform around 4,500 cases annually. She has been with RVSC since early in its construction phase, which proved to be a huge opportunity for her. "This was a great experience, as one rarely has the opportunity to be involved in the genesis of a center, much less able to set things up in a way that you would want to have your clinical areas. The down side is that you have to live with your own mistakes. Thankfully, I did not make too many."

Ms. Allard says she tries to instill a sense of ownership for her staff members and provides a supportive environment that allows staff members to perform admirably even when she is not at the center. For this reason, she has included all levels of staff in many of the center's initiatives. "Our cost containment efforts involve all of the staff. Our staff is invested in avoiding waste and maintaining our equipment and instruments as if they are there own. The staff is very involved in performance improvement initiatives which not only gets the job done but makes people more aware of their responsibilities, and the outcomes of their actions."

**Brent Ashby (Audubon Surgery Center, Colorado Springs, Colo.)**. Mr. Ashby is the administrator of Audubon Surgery Center,

Audubon ASC at St. Francis and Women's Surgical Center, all located in Colorado Springs, Colo. Mr. Ashby has been with Audubon Surgery Center since it opened in June 2000, and he opened the two other ASCs in Sept. 2008. Previously, Mr. Ashby was the administrator of the Provo (Utah) Surgical Center for seven years. He also practiced law at a large firm in Phoenix.

Under Mr. Ashby's leadership, the surgery centers have been able to undertake several initiatives that have led to their success. "We have a staff profit-sharing program that allows the employees to feel like owners when it comes to profit distributions. They have a greater sense of ownership with this program," he says. Mr. Ashby and the centers have also refused to contract with payors who are unwilling to offer reasonable payment rates, particularly for orthopedic procedures and implants.

Mr. Ashby's favorite aspect of serving as an administrator is developing and maintaining a vision for the future in a market that is constantly on the move. "Because healthcare is ever-changing, I find it a challenging and stimulating endeavor to plan ahead to better position our facilities for success," he says.

**Lisa Austin, RN, CASC (Peak One Surgery Center, Frisco, Colo.)**. Ms. Austin is the administrator for Peak One Surgery Center located in Frisco, Colo., and is vice president of operations, Western region for Pinnacle III and has opened a variety of surgery centers. Ms. Austin is also a board member of the Colorado Ambulatory Surgery Center Association and chairs the emergency preparedness committee for ASCs in Colorado. She is currently serving a term on MedAssets' Surgery Center Advisory Board.

Ms. Austin credits the center's success to her staff. "We have a great, mature group of nurses who have been in the community for many years," she says. In addition, the staff and physicians have no "class system," according to Ms. Austin. "When everyone comes into work, they are focused on patient care. It's a close-knit community."

When it comes to working as an administrator, Ms. Austin enjoys the opportunities and challenges that changes such as preparing for accreditation or the new CMS Conditions for Coverage pose. "There is always a sense of panic, and then we plan how we can make it happen," she says. "I love to be involved and learning from the staff. Not a day goes by where I don't learn something."



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**Timothy Beluscak II (Jacksonville Beach Surgery Center, Jacksonville Beach, Fla.).** Mr. Beluscak is the administrator of Jacksonville Beach Surgery Center, a four-OR, multi-specialty surgery center that opened in 2001. Jacksonville Beach is part of the Symbion Healthcare family of surgery centers. Mr. Beluscak originally worked for Jacksonville Beach from Jan. 2001-Oct. 2005, and returned in Aug. 2009 in his current role as administrator. He previously served as director of outpatient surgery and endoscopy at Shands Jacksonville (Fla.) Medical Center.

Mr. Beluscak enjoys the patients, employees and physicians at Jacksonville Beach, which make his job exceptional. Through their efforts, he has installed several programs to add to the success of the center including physician marketing, community education, LOP marketing and service delivery programs.

For Mr. Beluscak, seeing a product from start to finish is one of the aspects of his job that he enjoys most. He is also proud of the exceptional commitment Jacksonville Beach's staff has to its community and its patients. He says that the center will continue to grow and plans on investigating and initiating outpatient services that were recently added to the approved list by the Centers for Medicare and Medicaid Services.

**Sandy Berreth, RN, MS, CASC (Brainerd Lakes Surgery Center, Baxter, Minn.).** Ms. Berreth is the administrator of Brainerd Lakes Surgery Center located in Baxter, Minn. She has been in ASC management for 10 years, but her career has spanned many facets of the healthcare industry. She worked for 12 years in the "open heart room," and for 10 of those years in she was in a middle manager position. After earning another degree, she started an

ASC for the hospital where she worked before earning yet another degree and arriving at her current position.

When it comes to managing her staff, Ms. Berreth says, "I'm obsessive-compulsive, and I expect my staff to feel the same passion I feel about the highest quality healthcare and customer service." She notes that she has a list of accountabilities and competencies that her staff is held responsible to know and implement. "The best and smartest [people] will work their hardest if they know they are valued. They will be your resources for best initiatives that will lead to the best and safest care."

She says that her favorite part of working as an administrator is having the "ability to change what needs to be changed." As she explains, "It's the Serenity Prayer in practice: Change what can be changed, accept what has to be accepted and have the wisdom to know the difference."

**Steven Blom, RN, MAHSM, CASC (Specialty Surgery Center, San Antonio, Texas).** Mr. Blom is the administrator at the Specialty Surgery Center, a multi-specialty surgery center that specializes in ENT, ophthalmology, podiatry and pain management. The center opened in 1998 and moved to a new location in Oct. 2005. Currently, the center performs around 9,400 procedures annually. Mr. Blom started his career as an ICU nurse and progressively moved up the management ladder. He spent most of his career in critical care and cardiac catheterization labs. He also serves as a board member for the Texas ASC Society and as a regional director for National Surgical Care.

Mr. Blom oversaw the construction of the center's new facility in 2005. "It was a great opportunity to start from scratch," he says. He also

notes that the project was completed on time, cutting down on the amount of time the surgery center was closed. "We were shut down for a weekend," he says. "We closed the doors on the old location on Friday and were back to work at the new location on Monday."

One of Mr. Blom's favorite aspects about being an administrator is the people he gets to work with on a daily basis. The Specialty Surgery Center has a very high staff retention rate, he says. "It seems like the only time we lose people are when they move out of state," he says. Mr. Blom has also been able to recruit new physicians to the center. "We started at nine and currently have 23 physicians who use the center," he says.

**Bonnie Brady, RN (Specialty Surgical Center, Sparta, N.J.).** Ms. Brady is the administrator of Specialty Surgical Center, a multi-specialty, two-OR ASC that has been licensed by New Jersey and Medicare since 2008. She has served as administrator of SSC since May 2008. She previously served as a regional director of nursing serving three ASCs.

Adding technology has been one advancement Ms. Brady feels has contributed to SSC's success since she came on board. She says, "I think the addition of practice management software has been a big jump into the future. We are adding the EHR feature by June of this year. Through the billing module in the system, I can observe day-to-day how the center is doing financially. We also feature online registration and satisfaction surveys for patients."

Ms. Brady has also established several community outreach programs at SSC, including as kids' day, teddy bear clinics and open houses. Recently, the center also served as the Sussex County drop-off and collection center for the Haitian relief effort.

SSC's staff is an important part of the center's success, according to Ms. Brady. "I appreciate their energy and desire to be better at everything they do. Recently, I had an open house, and the best comment I heard was that our center was alive with excitement," she says.

Ms. Brady loves her job because it allows her to watch the center grow, with the support of its "progressive board of directors and physicians on staff." SSC has recently added new specialties, such as spine, and physicians and staff members like to stay on top of the newest procedures and equipment.

**T. Taylor Burnett (The Plastic Surgical Center of Mississippi, Flowood, Miss.).** Ms. Burnett is CEO of The Plastic Surgical Center of Mississippi, a physician-owned surgery center that opened after the surgeons were "tired of long wait times and less than perfect outcomes in the hospitals where they were working," according to Ms. Burnett. Surgeons



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perform around 12,000 cases annually. Ms. Burnett has been with The Plastic Surgical Center since it opened in August 2003. She started her career as a marketing major and later pursued a career in nursing and worked PRN in at her local hospital. Ms. Burnett worked her way up to outpatient surgery manager, and from there, to the director for surgical services. She gained her first ASC experience as the pre-op and PACU manager in an outpatient facility. Over time, she became director of nursing and then followed her surgeons to open their own facility.

Ms. Burnett says that each staff member is also given the ability to "make it right" with any patient. She says, "If there is an issue or problem, then they are to do whatever is within their power to fix it. Rarely, do these minor problems pass the first staff member, as they take ownership of fixing these problems. We are extremely proud of our staff."

The quality and efficiency of the ASC setting are Ms. Burnett's favorite parts of her role as administrator. "I love my job and love being able to effectively bring about change and have excellent patient outcomes. The cherry on top is satisfied staff and surgeons that are home with their families in time to help with homework or coach their child's team," she says.

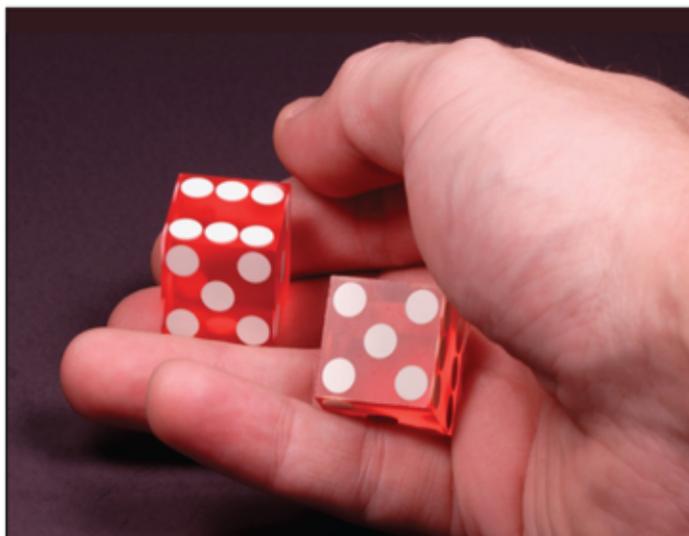
**Mary Ann Cooney, RN (Riverside Outpatient Surgery Center, Columbus, Ohio).** Ms. Cooney is the administrator of Riverside Outpatient Surgery Center in Columbus, Ohio, a multi-specialty facility with six ORs and one minor procedure room. ROSC performed over 6,150 cases in 2009. The specialties at the facility include general surgery, gynecology, hand and upper extremity, ophthalmology, orthopedics, pain management, plastic surgery and urology. The center has progressed from a small physician-owned center until it was acquired by Riverside Methodist Hospital. Currently, ROSC is joint venture between OhioHealth and the group of physicians. The facility is managed by Health Inventures.

Ms. Cooney began her career in nursing and gained valuable experience in the hospital setting prior to joining the surgery center in 1981 as the administrator. According to Ms. Cooney, the mission of ROSC is to deliver quality, individualized patient/family-centered care in a cost effective manner throughout the preoperative, intraoperative and postoperative phases of the surgical intervention. Ms. Cooney embraces the overall philosophy at ROSC to provide a professional service commitment in partnership with patients, families, and other members of the healthcare team.

**Rebecca Craig, RN, CASC (Harmony Surgery Center, Ft. Collins, Colo.).** Ms. Craig is CEO of Harmony Surgery Center, a multi-specialty ASC that performs around 900 cases monthly. She has been with the center since it opened nearly 10 years ago. She began her career as a registered nurse, working at a rural hospital in the OR, PACU, gastroenterology and pain management areas. She worked at Harmony as clinical director before moving into the CEO role in 2001. She also worked to open a second ASC, MCR Surgery Center, in Loveland Colo., which is a joint venture with Poudre Valley Health System.

A commitment to focused service and high quality care for patients and physicians is one of Ms. Craig's favorite parts of working at Harmony. "We are very efficient and very good at the services we offer as evidenced by our quality outcomes and our patient and physician satisfaction rates of 96 percent. Because we are so efficient in our operations, I love the opportunity that ASC have to be a part of the healthcare solution. I feel the ASC industry will play a key role in healthcare reform. We are able to meet the need for quality, timely access and cost effective surgical and procedural care."

Leading Harmony gives Ms. Craig the opportunity to work with a talented team of physicians and staff members. She says, "I feel the future is very bright for Harmony Surgery Center — we have very committed physicians, a great team of ASC-minded staff and a strong and healthy partnership with an amazing health system!"



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**Deborah Lee Crook (Valley Ambulatory Surgery Center, St. Charles, Ill.).** Ms. Crook is the administrator of Valley ASC, a seven-OR, multi-specialty surgery center that opened in 1987 as the first free-standing center in Illinois. The center also opened an attached post-surgical recovery care center in 1998. Ms. Crook has been with Valley ASC since 1993 as a pre-op nurse. She served as director of nursing at Valley's post-surgical recovery care center before becoming administrator of both facilities in 2006. Ms. Crook began her career as a staff nurse, with experience in cardiac and ICU nursing.

New technology and continued education are two initiatives that Ms. Crook say have added to her center's success. "We have been graced with a corporate partner that has these venues that I didn't have access to before," she says. New technology has allowed the center to streamline processes and increase efficiencies at the center.

Ms. Crook enjoys that she is part of a progressive group of physicians and staff members at Valley ASC. "Everybody provides quality care first and foremost and that never waivers," she says. "I've been lucky to have a board of directors that believe that if quality is there, the rest will come natural and who are willing to take a chance on new ideas."

When it comes to her role as administrator, Ms. Crook enjoys the daily challenges. "I'm never bored," she says. "I'm constantly challenged and I learn something new all the time. Every day is a new chance for education."

**David Daniel (Lakeland Surgical + Diagnostic Center, Lakeland, Fla.).** Mr. Daniel is the CEO of LSCD, a large, independently-owned, freestanding, multi-specialty ASC that currently treats more than 19,000 patients annually, involving 32,500 procedures. Mr. Daniel is a re-

tired Navy Captain, having served for 26 years in the Navy Medical Service Corps where he managed naval hospitals and clinics in a worldwide medical system. He has also served as administrator and COO of a large medical clinic and a physician group practice before coming to the LSCD. Mr. Daniel is a fellow of the American College of Healthcare Executives and the American Association of Medical Assistants, as well as a diplomate in Healthcare Administration.

In his three years with LSCD, Mr. Daniel has reorganized its management structure and professionalized its non-physician staff. "I have established a new performance review and evaluation system, more efficient methods of patient care delivery and enhanced material management and plant services," he says. "I also instituted management by goals and objectives and improved staff/physician communications and an employee recognition program."

Mr. Daniel finds the large size and complexity of LSCD part of what makes his job interesting. "Its high quality, prominent position in the local healthcare community and excellent reputation make my job enjoyable. I work alongside an exceptionally professional and capable staff as colleagues and friends. It is very professionally fulfilling," he says.

**Joey Daugherty, RN (Total Pain Care, Meridian, Miss.).** Mr. Daugherty is the administrator of Total Pain Care, a single-specialty ASC that focuses on pain management procedures. The center is owned by Kenneth Staggs Jr., MD, and Eric Pearson, MD, and is managed by Practice Partners in Healthcare. Mr. Daugherty has worked at Total Pain since it opened in 2006 but started his career as registered nurse in the emergency room at Rush Foundation Hospital in Meridian, Miss. He also served as the department manager of the Pain Treatment Center at Rush before coming to Total Pain Care.

Creating flexible staffing models that enabled the center to use more part-time employees has helped Mr. Daugherty control costs at Total Pain Care. "In doing this we developed a plan where part-time and as-needed staff could earn some paid time-off hours. This has allowed us to staff the ASC primarily with part-time staff, therefore reducing cost while retaining experienced staff members," he says.

Great physician ownership and dedicated staff members are what Mr. Daugherty enjoys most about his job. The expertise of the clinic's two owners and staff members (some who have been with the physicians since they started their practice in 1995) allows the center to provide excellent pain management to patients in the area, according to Mr. Daugherty.

"Our facility also houses the private practice of our physicians. I serve as administrator of the practice and ASC," he says. "I enjoy being able to help patients through the continuum of their pain care and provide the most cost effective and most convenient high quality care available."

**Eric Day, MBA, ATC, LAT (The Center for Special Surgery, San Antonio, Texas).** Mr. Day is the administrator at The Center for Special Surgery at the Texas Center for Athletes medical complex. He started his career as an athletic trainer in the Austin market for HealthSouth Corp. He made the transition into administration with the help and support of those he worked with and began to work with outpatient rehabilitation and diagnostic imaging centers. From there, he began working with orthopedists at ASCs and was able to learn about the different aspects of the business.

Mr. Day credits his "dedicated staff that provides great care to our patients" for its success. He notes that the center is always willing to try new things. "I have managers whom are very motivated and get the jobs done in a timely manner," he says. "I have physicians whom are very supportive of the staff and the goals that we have set for the center. No day is exactly like the other at our center."

Mr. Day loves his daily interaction with the people at the center and ensuring that patients leave the ASC happy with their experience. The Center for Special Surgery is doing well in a market that is "full of ASCs," according



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to Mr. Day. "We are lucky that we are supported by the physicians in our building, and they keep the center going."

**Gregory P. DeConciliis, PA-C, CASC (Boston Out-Patient Surgical Suites, Waltham, Mass.).** Mr. DeConciliis is the administrator of Boston Out-Patient Surgical Suites. He is a licensed physician assistant and worked at New England Baptist prior to assuming the role of administrator at the center. He continues to remain on staff at the hospital and assists with surgical procedures at the center.

Mr. DeConciliis enjoys working with his staff. "We are very fortunate to have a nursing and technical staff that are not only intelligent and extremely proficient in their respective areas but also have an uncanny ability to make every single patient feel as if they are a family member. This has led to extremely high levels of patient satisfaction, with, on average, over 97 percent of patients rating their experience as 'excellent' and over 99.99 percent of patients rating their experience as at least 'good,'" he says.

Mr. DeConciliis notes that no two days are the same at the center, a part of his job that he loves. "I find that every day I learn something new from someone or something but also hope

that my close interaction with the staff and the surgeons help to keep them on track and add to their happiness in their jobs and also help to provide the best possible patient care that we all can as a team," he says.

**Vicki Edelman, RN (Blue Bell Surgery Center, Blue Bell, Pa.).** Ms. Edelman is the administrator of Blue Bell Surgery Center, a four-room, multi-specialty ASC that opened in Sept. 2008, and is managed by Ambulatory Surgical Centers of America. Ms. Edelman had been with Blue Bell since May 2008, during the construction phase of the center. She has been a nurse of 32 years, and her first management role was as assistant nurse manager at Philadelphia's Albert Einstein Medical Center's short procedure unit and admission/discharge unit. Ms. Edelman has held other leadership roles at a community hospital in the short procedure unit, PACU and ambulatory care unit and at an endoscopy suite and center.

By adding mobile lab services and in-house pre-admission testing, Ms. Edelman says her center has been able to support patient convenience and subsequent patient satisfaction, while allowing the center to retrieve proper preadmission information. She says, "Our clinical staff delivers exceptional quality care under the direction

of our clinical manager. The facility overall has 99 percent patient satisfaction, functions efficiently and maintains significant cost savings measures."

Ms. Edelman says her energetic, resourceful, dedicated staff is her favorite part about working at Blue Bell. "They are all part of my success, my challenges and the reason this center is a success. I am very proud of all their accomplishments and together we feel as if we have given birth to something very special," she says.

**Rose Eickelberger (Beacon Orthopaedics Surgery Center, Sharonville, Ohio).** Ms. Eickelberger is the director of surgical services at Summit Surgical Center and Beacon West Surgical Center, part of Beacon Orthopaedics. The first surgery center opened in May 2003, and surgeons at the centers perform orthopedic, pain management and spine procedures. A second center was added in 2006, and 12 surgeons currently practice at both centers. Each surgical center has two OR suites, procedure rooms and the capability of 23-hour stay.

Ms. Eickelberger began at Beacon in May 2006. Previously, she was the director of nursing at the Cincinnati (Ohio) Eye Institute for eight years after serving as assistant director for six years.



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She also has experience working in the intensive and coronary care units in a local hospital.

While at Beacon, Ms. Eickelberger has been involved in the development of the center's spine program and the opening of the second surgical center. She has also worked on cross-training staff for better utilization across the centers. This cross-training has allowed staff members to work better as one group. She says, "One of my favorite things about the center is the teamwork that has developed among all the staff."

#### **Carolyn Evec, RN, CNOR (The Surgery Center at Beaufort, Beaufort, S.C.).**

Ms. Evec is the administrator at The Surgery Center at Beaufort (S.C.). Prior to coming to the center, Ms. Evec opened a surgery center in Missouri and served as the nurse manager at that location for 2.5 years. She has 30 years of nursing experience and primarily worked in the OR. She has held various management positions including director of surgery, director of medical and surgical services, vice president of patient services and director of rural health clinics.

Ms. Evec has helped improve efficiency at her center in many ways. "With the help of the staff, we developed an ordering system for supplies that now involves all of the staff and eliminated a part-time staff position," she says. "We now

order supplies two days a week, and it takes only about an hour to complete the process."

Ms. Evec says, "I love the privilege and challenge of being involved in all aspects of the operations of the center. Coming from a clinical background, I have really enjoyed learning and being responsible for the business side of operations as well. I enjoy the fact that every day is different and that I have the ability and support of the medical staff to affect change when needed."

#### **Alisa Fischer, CASC (St. Augustine Surgery Center, St. Augustine, Fla.).**

Ms. Fischer is the administrator of St. Augustine Surgery Center. The center was formally owned by a hospital corporation and purchased in May 2006 by Ambulatory Surgical Centers of America. Ms. Fischer joined the center in July 2006 during what she calls "a very challenging start-up." She says, "The center was still trying to get its Medicare number and billing [systems] arranged. In addition, our primary commercial payor sent our payments to the prior owner, and it took several months to retrieve and correct this." Ms. Fischer also served as an administrator at HCA and BayCare Health System.

St. Augustine's staff and its team attitude are Ms. Fischer's favorite parts at the ASC. This attitude took three years of dedication from the staff, according to Ms. Fischer. She says, "Employees participate in QI meetings, preparing and presenting data from each of their responsibilities. In addition to this, with the building now looking pristine, we are proud to work here and show the work environment to others."

Ms. Fischer says she loves her job. "It is the highlight of my career," she says. "But I would have to say what I love most are the curve balls. I love dealing with the problems. It makes the job interesting and challenging. In any given day, there are several different types of problems. Prioritization is a must. If problems exist and are not taken care of, they escalate."

#### **Michael Gossman, BSBA, CASC (Cedar Lake Surgery Center, Biloxi, Miss.).**

Mr. Gossman is the administrator at the Cedar Lake Surgery Center in Biloxi, Miss. Before coming to Cedar Lake in 2005, he served as administrator at Methodist Ambulatory Surgery Center in New Orleans, where he oversaw the start-up of the center, supervising construction, staffing, writing policies and establishing supply levels. He also established the Lake Forest Surgery Center in New Orleans.

In 2004, Mr. Gossman founded the Mississippi Ambulatory Surgery Association with a small group of supporters and served as its president from 2004-2008. "During that time, we managed to introduce a bill into the legislature regarding prompt payment of insurance claims," he says. "While it did not pass, it allowed all of us to understand the process. We also successfully

halted some major negative changes to workers' compensation reimbursement for ASCs and are now able to sit with the Mississippi Workers' Compensation Committee as they make their decisions which will affect us." Currently, the association includes 18 centers and is a major sponsor in the Gulf States ASC Conference & Trade Show, now in its second year.

Mr. Gossman enjoys working with the "great group of professionals who are constantly striving to do their jobs better," he says. "We get an unbelievable number of complimentary patient survey cards which we post for all to see. It's very satisfying to have patients want to come to your center for surgery. My staff makes my day everyday."

#### **Judy Graham (Cypress Surgery Center, Wichita, Kan.).**

Ms. Graham is administrator of Cypress Surgery Center, a free-standing, multi-specialty ASC that opened in Dec. 2000. In 2006, the physicians that founded Cypress entered into a joint venture with Symbion Health-care. Ms. Graham has been with Cypress for 9.5 years, since construction began. She has a strong clinical background in the operating room and ambulatory surgery and previously served as an OR manager and a clinical director in ASCs before moving into the role of administrator.

Ms. Graham has faced many challenges, including developing a partnership between a privately owned center and a corporate partner. She says, "It was of the utmost importance for us to find a corporate partner that held the same high standards and to also accomplish a seamless transition for our physicians and employees — change always makes everyone nervous."

When it comes to Cypress' success, Ms. Graham says, "Our employees have always been the source of our success, and it has been such an honor and privilege to lead them the past 9.5 years. Cypress is very fortunate to have a great group of physicians who work well together and treat the staff with dignity and respect."

Ms. Graham says, "I like being responsive to our patients, physicians and staff. I enjoy marketing Cypress because I believe strongly in all we have to offer our patients and physicians. I have always believed if we can get them in the Facility just once, we will usually always get them back."

#### **Amanda Gunthel (Wilton Surgery Center, Wilton, Conn.).**

Ms. Gunthel is the administrator of Wilton Surgery Center. The center opened in Aug. 2005 and is currently in a partnership with National Surgical Care and Stamford Hospital. Ms. Gunthel has been with Wilton since its inception — from the CON process through opening. Before taking on the role of administrator, she worked for four years as director of practice management and development for the healthcare management firm that first opened the center. "Helping the center

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to grow and guiding it through the transitions of the past 4.5 years has been challenging, exciting and tremendously rewarding," she says.

The staff at Wilton is Ms. Gunthel's favorite part of working at her center. "Their tireless commitment to the delivery of superior healthcare amazes me every day. They are acutely focused and dedicated to each patient that comes through our doors," she says. Ms. Gunthel says the center created several positions including specialty resource positions to involve staff members on a broad organizational level. Incentives and stipends are also offered to staff members who choose to participate in these programs.

Ms. Gunthel says that being an ASC administrator gives her the chance to be a part in something she truly believes in. "I am committed to the ASC as a vehicle for the delivery of outpatient surgical services; to see happy patients with successful outcomes, happy physicians and happy team members is a real thrill. In my opinion, a well-run ASC is a true 'win-win,'" she says.

**Bill Hazen (Surgery Center at Pelham, Greer, S.C.).** Mr. Hazen is the administrator of the Surgery Center at Pelham, a four-OR, two-procedure room, multispecialty center that is a joint venture between a hospital and local physicians. He helped open the center in Dec. 2004 and has been on-board since the inception, design and construction phases of the project. Prior to coming to the Surgery Center at Pelham, Mr. Hazen was director of special projects at Spartanburg Regional Medical Center. He also opened and developed the Hyperbaric Medicine and Wound Center and spent some time as a neuro-trauma ICU nurse.

Mr. Hazen has implemented many successful programs and policies at the Surgery Center. The center has a profit-sharing program for all employees. "We set five goals to be reached, profit-sharing is paid quarterly, and all employees receive equal pieces of the pie," he says. Other initiatives have included involving employees in all decisions and live-case costing. He says, "We track to the penny from exactly how many 2x2s used during surgery to the D/C IV in post op."

Of the many rewarding aspects of his job, Mr. Hazen says he appreciates being part of a team the most. "Everyone goes out of their way to help each other and the patients," he says. He also finds teaching and mentoring the employees in their careers a fulfilling part of his role as administrator, he says.

**Tracey Hood, RN (Ohio Valley Ambulatory Surgery Center and Mid Ohio Valley Medical Center, Belpre, Ohio).** Ms. Hood is the administrator of Ohio Valley ASC and Mid Ohio Valley Medical Center. Ohio Valley is a three-OR, multi-specialty center that opened in Jan. 2008. It is managed by ASCOA. Mid Ohio was purchased in Jan. 2010. Ms. Hood

has been with Ohio Valley since Nov. 2007. She previously worked as an ASC charge nurse, OR circulating registered nurse, PACU nurse, certified emergency RN, cardiac catheterization lab nurse and a critical care nurse.

While at her centers, Ms. Hood has concentrated on delivering the best patient care experience possible at her center. "We developed multiple patient satisfaction programs including patient 'Thank You' cards signed by staff to enhance the personalized experience of each patient," she says.

This attention to care is also what Ms. Hood enjoys most about her center. "I like knowing that every patient we see at either center will receive the absolute best care due to our group of excellent physicians and staff," she says.

Ms. Hood says that as an administrator she can make changes that help to separate Ohio Valley from other healthcare facilities in the area, and the center's management company helps her in this role. She says, "As an ASCOA facility, administrators have access to a wide variety of support services."

**Georganna Howell, RNFA, CNOR, CEN, LNC (Greenspring Surgery Center, Baltimore).** Ms. Howell is administrator of Greenspring Surgery Center, part of OrthoMaryland, which opened in 2006. She joined Greenspring in June 2009. Ms. Howell was able to take control of this task as her background includes ASC consulting, administration in ambulatory care and hospital-based ORs, surgical trauma and emergency medicine management experience. She also has a clinical background with certifications as an RN first assistant, certified nurse operating room, certified emergency nurse and legal nurse consultant.

Ms. Howell takes prides in her staff's ability to adapt and change to new policies and regulations that come its way. She says, "With the cooperation and expertise of the entire [team], we have embraced the challenges of implementing the additions and conditions of coverage presented by the CMS Infection Control Program. We are proud to report we have passed successfully the unannounced Federal CMS Infection Control Survey."

Staff engagement is crucial to an ASC's success, according to Ms. Howell, and she enjoys getting inspiration from her staff members. "The most rewarding moment for me as an administrator is that single pause — a slight hesitation, then tentatively, the staff member speaks softly and presents a profound new idea which is not singular but includes the entire team. For me, that is the pivotal moment which defines the successful model of management I embrace. Manage by example, be open to new ideas, listen carefully and maintain visibility," she says.

**Kelly Kapp, RN (Specialty Surgery Center, Westlake Village, Calif.).** Ms. Kapp is the administrator of Specialty Surgery Center, a 13,000 square-foot, multi-specialty, four-OR ASC. Ms. Kapp started working at SSC in July 2007, when the ASC was in its planning processes. She began a career in nursing as an OR nurse at L.A. County Hospital. She then was an assistant to orthopedic surgeons at Southern California Orthopedic Institute. Ms. Kapp has also served as orthopedic coordinator at St. John's Regional Medical Center in Oxnard, Calif., for 13 years before accepting a director of nursing position at SSC.

Great surgeons and staff have aided in SSC's and Ms. Kapp's successes. "I have tried to build

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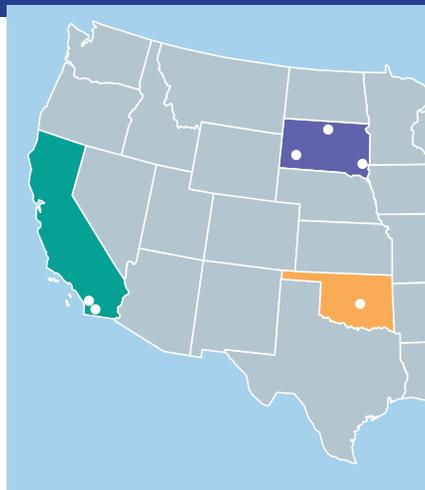
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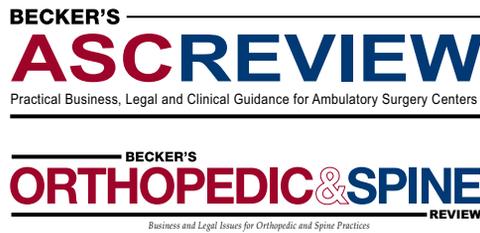
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## PROGRAM SCHEDULE

### Pre Conference – Thursday, June 10, 2010

11:30am – 1:00pm	Registration
12:00pm – 4:30pm	Exhibitor Set-Up
1:00pm – 5:20pm	Pre-Conference Workshop • Concurrent Sessions A, B, C, D, E, F
5:20pm – 7:00pm	Reception, Cash Raffles and Exhibits

### Main Conference – Friday, June 11, 2010

7:00am – 8:00am	Continental Breakfast and Registration
8:00am – 5:15pm	Main conference, Including Lunch and Exhibit Hall Breaks
5:15pm – 7:00pm	Reception, Cash Raffles, Exhibit Hall

### Conference – Saturday, June 12, 2010

7:00am – 8:00am	Continental Breakfast and Registration
8:15am – 1:00pm	Conference

### Thursday, June 10, 2010

#### Track A – Improving Profits, Turning Around ASCs, and Benchmarking

1:00 – 1:45 pm	5 Keys to Maximizing an Orthopedic-Driven ASC's Returns in a Tough Economy - Brent Lambert, MD, FACS, President & Owner, Ambulatory Surgical Centers of America
1:50 – 2:30 pm	Running Your Orthopedic Program Smarter - Benchmarking - Improving Revenues per Case, Reducing Hours per Case, Supply Costs per Case, Staffing and More - Thomas J. Bombardier, MD, FACS, Founding Principal, Ambulatory Surgical Centers of America
2:30 – 3:15 pm	The Changing Future of Health Care in the United State - Joe Flower, Healthcare Futurist
3:20 – 4:00 pm	Assessing and Improving the Profitability of Orthopedic and Spine in ASCs - Luke Lambert, CFA, MBA, CASC, CEO, Ambulatory Surgical Centers of America
4:05 – 4:40 pm	A Step by Step Guide to Recruiting Orthopedic and Spine Surgeons - Chris Suscha, VP of Business Development, Meridian Surgical Partners
4:45 – 5:20 pm	Selling Shares and Resyndication - Larry Taylor, CEO, Practice Partners in Healthcare, and Melissa Szabad, JD, Partner, and Bart Walker, JD, Attorney, McGuireWoods, LLP

#### Track B – Business Planning for ASCs, Spine, Orthopedics, and Pain

1:00 – 1:45 pm	Business Planning for Orthopedic and Spine Driven Centers - Tom Mallon, CEO, Regent Surgical Health, Jeff Simmons, President Western Region, Regent Surgical Health
1:50 – 2:30 pm	Building Outstanding and Profitable Pain Management Programs, Making Pain Profitable - Robin Fowler, MD, Executive Director & Owner, Interventional Spine & Pain Management

3:20 – 4:00 pm	Establishing an ASC - 10 Keys for Success - Bill Southwick, President & CEO, Healthmark Partners
4:05 – 4:40 pm	Enterprise Risk Management - Dottie Bollinger, RN, JD, LHRM, CHC, CASC, Laser Spine Institute
4:45 – 5:20 pm	Handling 5 Key Problems in the ASC Life Cycle - Joseph Zasa, JD, Partner, ASD Management

#### Track C – Special Procedures Issues

1:00 – 1:45 pm	Minimally Invasive Spine Surgery in ASCs - Greg Poulter, MD, Surgeon, Peak One Surgery Center, Lisa Austin, RN, CASC, Vice President of Operations, Pinnacle III
1:50 – 2:30 pm	The Best Procedures to add to ASCs Now - John Hajjar, MD
3:20 – 4:00 pm	Recruiting Great Doctors - 5 Key Concepts from an Industry Veteran - Robert Zasa, MSHHA, FACMPE, Partner, Woodrum ASD
4:05 – 4:40 pm	Handling Complex Spine Cases in an ASC, Clinical and Financial Issues - Marcus Williamson, President, Neospine Services Symbion Healthcare
4:45 – 5:20 pm	Extending the Life Span of Your ASC - 10 Key Concepts - Boyd Faust, CPA, CFO, Titan Health

#### Track D – General Management

1:00 – 1:45 pm	How An Existing, Successful Orthopedic/Pain ASC in New Jersey is Planning for Impending Rate Compression in the State, and Adjusting its Strategy Going Forward Now That a Moratorium on New ASC Development Has Gone Into Effect - David Hall, Chairman or Sean Rambo, Vice President of Operations, Titan Health, Key Physician from Titan NJ ASC
1:50 – 2:30 pm	How to Reduce Hours Per Case, How to Hire Great DONs and Staff - Joyce Deno, Chief Operations Officer, Eastern Region, Regent Surgical Health

3:20 – 4:00 pm

The Success, Failure and Demise of ASCs - An MD Leaders Perspective - Larry Parrish, Illinois Sports Medicine & Orthopedic Surgery Center, Dave Raab, MD, Illinois Sports Medicine & Orthopedic Surgery Center, Jeff Visotsky, MD, Illinois Sports Medicine & Orthopedic Surgery Center

4:05 – 4:40 pm

How to Effectively Measure and Track Patient Quality - David Shapiro, MD, Director of Medical Affairs, AMSURG

4:45 – 5:20 pm

5 Tips for Managing Anesthesia in Your ASC - Marc Koch, MD, President & CEO, Somnia Anesthesia

### Track E - Billing, Coding and Contracting for ASCs

1:00 – 1:45 pm

Managed Care Negotiation Strategies for Orthopedic and Spine - 10 Key Concepts- Naya Kehayes, MPH, CEO, Eveia Health Consulting and Management

1:50 – 2:30 pm

10 Ways to Improve an ASCs Orthopedic Spine and Pain Coding - Stephanie Ellis, RN, President, Ellis Medical Consulting

3:20 – 4:00 pm

A 40 Minute Billing Boot Camp - What Centers Need To Do To Improve Their Billing and Coding - Caryl Serbin, RN BSN LHRM, President & Founder, Serbin Surgery Center Billing

4:05 – 4:40 pm

How to Hire Great Administrators and What Should They Be Paid? Greg Zoch, Partner & Managing Director, Kaye Bassman International

4:45 – 5:20 pm

Driving Revenues Up by Driving Denials Down - Bill Gilbert, VP of Marketing, AdvantEdge Healthcare Solutions

### Track F - Buying and Selling ASCs and Hospitals, Valuation Issues For ASCs, Anti Kickback Issues

1:00 – 1:45 pm

ASC Transactions, Current Market Analysis and Valuations, Greg Koonsman, Senior Partner, VMG Health

1:50 – 2:30 pm

5 Anti Kickback and Stark Act Cases - Scott Becker, JD, CPA, Partner, Elissa Moore, JD, and Lainey Gilmer, Associate, McGuireWoods LLP

3:20 – 4:00 pm

Excelling Without Orthopedics and Spine -Key Concepts for Great ASC Performance - Joseph Zasa, JD, Partner, ASD Management, Skip Daube, MD, Founder, Surgical Center for Excellence, Panama City

4:05 – 4:40 pm

Buying, Selling and Syndication ASCs - Henry H. Bloom, Founder, and Robert S. Goettling, Esq., The Bloom Organization, Todd Mello, ASA AVA MBA, Principal & Founder, Healthcare Appraisers

4:45 – 5:20 pm

Physician Owned Hospitals - Key Concepts to Increase Profits - Tom Michaud, CEO, Foundation Surgery

5:20 pm

Cocktail Reception, Cash Raffles and Exhibits

## Friday, June 11, 2010

8:00 am

Introductions - Scott Becker, JD, CPA, Partner, McGuireWoods, LLP

8:10 – 9:00 am

The Best Ideas for Orthopedic and Spine Driven ASCs Now - Brent Lambert, MD, FACS, President & Owner, Ambulatory Surgical Centers of America, Joseph Burkhardt, MD, Brookside Surgery Center, Kenny Hancock, President, Meridian Surgical Partners, James T. Caillouette, MD, Chairman, Newport Orthopedic Institute

9:05 – 10:00 am

The Politics of Health Care Reform, Ron Brownstein, Political Director, Atlantic Media Company

10:00 – 11:00 am

Networking Break & Exhibits

### General Session A

11:05 – 11:45 AM

Key Developments That Will Transform the Business of Orthopedic Surgery - John Cherf, MD MPH MBA, OrthoIndex

11:50 – 12:30 PM

Key Concepts to Improve the Profitability of Spine Programs, John Caruso, MD, Jim Lynch, MD, Founder, Surgery Center of Reno, Moderator, Jeff Leland, Managing Director, Blue Chip Surgical Center Partners

### GENERAL SESSION B

11:05 – 11:45 AM

A National View of Political Advocacy Efforts and ASCs, Andrew Hayek, CEO Surgical Care Affiliates, Chairman ASC Coalition

11:50 – 12:30 PM

Effective Cost Cutting and Benchmarking for Your ASC - 5 Examples - Robert Welti, MD, Medical Director & Administrator, Santa Barbara Surgery Center, Introduced by Tom Mallon, CEO, Regent Surgical Health

12:30 – 1:30 PM

Networking Lunch & Exhibits

### Concurrent Sessions A, B, C, D, E, F

#### A - Improving Profits, and Fixing ASCs

1:30 – 2:05 pm

10 Key Concepts for Managed Care Contracting Orthopedics, and Spine and Pain - Naya Kehayes, MPH, CEO, Eveia Health Consulting & Management

2:10 – 2:40 pm

Key Tips for Success - Orthopedics in ASCs - What Works and What Doesn't - Greg Deconciliis, Administrator, Boston Out-Patient Surgical Suites

2:40 – 3:35 pm

Networking Break & Exhibits

3:35 – 4:10 pm

10 Keys to Improve Billing and Collections - Caryl Serbin, RN BSN LHRM, President & Founder, Serbin Surgical Center Billing

4:15 – 4:45 pm

Out of Network - Will it Still Work? What Do I Need to Know? What is the Future? Thomas J. Pliura, MD, JD, President & CEO, Zchart

4:50 – 5:20 pm

The 5 Best Ways to Improve Billings and Collections and to Improve Revenue Cycle Management - Lisa Rock, President, National Medical Billing Services, and Michael Storch, National Client Representative, MNET Financial, Inc.

### Track B – Orthopedic and Spine ASC Issues

1:30 – 2:05 pm

New Procedure Advancements for Spine Centers - Jimmy St. Louis, VP of Integrated Business Development, Laser Spine Institute

2:10 – 2:40 pm

Key Thoughts on Handling Total Joints in ASCs - James T. Caillouette, MD, Chairman, Newport Orthopedic Institute

2:40 – 3:35pm

Networking Break & Exhibits

3:35 – 4:10 pm

Hand Surgery in ASCs - Key Concepts for Clinical and Financial Success - R. Blake Curd, MD, Orthopedic Institute, Todd Flickema, SVP, Surgical Management Professionals, Kyle Goldammer, SVP Finance, Surgical Management Professionals

4:15 – 4:45 pm

Uni Knees in the Outpatient Setting - Is This Right Fit for Your ASC? - Clinical and Financial Issues - Joseph Burkhardt, D.O., Brookside Surgery Center, Sarah Martin, R.N., Regional Vice President, Meridian Surgical Partners, Becky Klein, Director of Clinical Operations, Brookside Surgery Center

4:45 – 5:20 pm

Creating a Spine Center in a Small Community, Daniel Tomes, MD, Introduced by Jeff Leland, Managing Director, Blue Chip Surgical Center Partners

### Track C – Pain Management, Spine and Implant Costs

1:30 – 2:05 pm

Pain Management at an ASC: Benefits and Pitfalls - Brannon Frank, MD, Arise Healthcare

2:10 – 2:40 pm

Pain Management in ASCs - Current Ideas to Increase Profits - Amy Mowles, President & CEO, Mowles Medical Practice Management

2:40 – 3:35 pm

Exhibit Hall Break

3:35 – 4:10 pm

Negotiating Implant Payments with Payors and Payments for Multiple Procedures and Other Issues - Marcus Williamson, President Neospine Division, Symbion Healthcare, and Jamie Pearlman

4:15 – 4:45 pm

Managing Pain Practice-Protocols, Branding and Other Tips to Improve Profitability - Faisal M. Rahman, MD, CEO, APAC Group of Healthcare Companies

4:45 – 5:20 pm

Leadership in the ASC Context - What is Great Leadership and How Can it Make a Difference - Ed Hetrick, President & CEO, Facility Development Management

### Track D – Physician Owned Hospitals, Spine Cost Comparison

1:30 – 2:40 pm

The Best Ideas for Physician Owned Orthopedic and Spine Focused Hospitals Now - Tom Macy, CEO, Nebraska Orthopedic Hospital, John Rex-Waller, CEO National Surgical Hospitals, Tom Michaud, CEO, Foundation Surgical Affiliates, R. Blake Curd, MD, Orthopedic Institute, and Scott Becker, JD, CPA, Partner, McGuireWoods, LLP, Moderators

2:40 – 3:35 PM

#### Exhibit Hall Break

3:35 – 4:10 pm

Leveraging Engagement to Maximize the Supply Chain - Tom Macy, CEO, Nebraska Orthopedic Hospital and Anna McCaslin, CFO, Nebraska Orthopedic Hospital

4:15 – 4:45 pm

Converting an ASC to a Hospital - Russ Greene, RN, CEO, Physicians Specialty Hospital, Fayetteville

4:50 – 5:20 pm

Ambulatory Spine Surgery - ASC vs. Hospital Reimbursement Comparison - David Abraham, M.D., Reading Neck & Spine Center

### Track E – Orthopedic and Spine Practice Issues, Selling Units and Implants

1:30 – 2:05 pm

Physician Practice Partnering with Medical Centers - The Good, Bad and the Ugly - Dennis Viellieu, CEO, Midwest Orthopaedics at Rush

2:10 – 2:40 pm

Key Ideas for Improving Orthopedic Practice Profits - John Martin, CEO, OrthoIndy

2:40 – 3:35 PM

#### Exhibit Hall Break

3:35 – 4:10 pm

Selling Units to Physicians - How Are Shares Valued - Todd Mello, Healthcare Appraisers

4:15 – 4:45 pm

Buyers Perspective on Selling Your ASC, What ASCs Need to Know Now, Acquisition Strategy, ASC Acquisitions in the Current Economic Environment, How Buyers Value ASCs - Evie Miller, CPA, VP Development, USPI, William Kennedy, SVP Business Development, CFA, Senior Partner, NovaMed, Greg Koonsman, CFA, Senior Partner, VMG Health, Moderator Scott Downing, JD, Partner, McGuireWoods, LLP

4:50 – 5:20 pm

Marketing Your ASC and Attracting Patients and Physicians - Mike Lipomi, President, RMC Medstone Capital

### Track F – Clinical Quality, Governance and Profits

1:30 – 2:05 pm

The Impact of Healthcare Reform on ASCs

2:10 – 2:40 pm

Clinical and Quality Management of Newer Events in ASCs - Holly Hampe, Director, Patient Safety and Quality, Amerinet

2:40 – 3:35 pm

#### Exhibit Hall Break

3:35 – 4:10 pm

Improving ASC Performance Through Innovative Governance Techniques - Michael Grant, MD, Center for Ambulatory Surgery, David Myers, MD, Center for Ambulatory Surgery, Ravi Chopra, CEO, The C/N Group

4:15 – 4:15 pm

3 Great Ways to Improve Profitability - Nicola Hawkinson, CEO & Founder, Spine Search, Mel Gunawardena, Founder & CEO, Medigain, Inc., Tom Jacobs, CEO, MedHQ, Moderator, Robert Zasa, MSHHA FACMPE, Partner, ASD Management

4:50 – 5:20 pm

Building Smart in 2010 - John Marasco, Principal & Owner, Marasco & Associates

5:25 – 7:00 PM

Cocktail Reception, Cash Raffles and Exhibits

## Saturday, June 12, 2010

8:00 – 8:15 am

Opening Remarks - Dr. Tom Price, US Congressman

8:15 – 8:45 am

Washington Update - Kathy Bryant, JD, President, ASC Association

### Concurrent Track Sessions A, B, C, D, and E

#### Track A

8:50 – 9:30 am

Financial Benchmarking - Rob Westergard, Chief Financial Officer, Ambulatory Surgical Centers of America

9:35 – 10:10 am

Key Concepts to Managing an Effective Interventional Pain Management Practice and Center - Laxmaiah Manchikanti, MD, CEO & Chairman of the Board, American Society of Interventional Pain Physicians

10:15 – 10:50 am

An Analysis of Clinical Outcomes for Spine Procedures Performed in ASCs - Ken Pettine, MD, Loveland Surgery Center

10:55 – 11:30 am

Recruiting & Syndication of Orthopedic, Pain Management and Spine Physicians - Updates, Challenges and Strategies - Kenny Spittler, Senior VP Development, Healthmark Partners

11:35 – 12:10 pm

A Successful Spine Surgery Center That Includes Neuro and Orthopedic Spine Surgeons, Lessens Learned, Problems to Avoid - Thomas Forget, MD, Neurosurgeon

12:15 – 1:00 pm

4 Key Topics (1) Healthcare Reform and ASCs, (2) Should You Convert Your ASC to a HOPD (Hospital Outpatient Department) - The Pros and Cons and Key Issues to Consider, (3) Safe Harbors and (4) Out of Network - Scott Becker, JD, CPA, Partner, and Amber Walsh, JD, Attorney, McGuireWoods, LLP

#### Track B

8:50 – 9:30 am

The 7 Best Ways to Increase ASC Profits Now - Larry Taylor, CEO, Practice Partners in Healthcare

9:35 – 10:10 am

The 10 Statistics Your ASC Should Examine Each Week - Michael Rucker, COO, Surgical Care Affiliates

10:15 – 10:50 am

Surgeon Owned Implant Distribution - John Steinmann, DO, Founder & CEO, Synergy Surgical Technologies

10:55 – 12:10 pm

Case Costing and Benchmarking for Orthopedic, Spine and Pain Driven ASCs - Susan Kizirian, COO, Ambulatory Surgical Centers of America and Anne Geier, VP, Ambulatory Surgical Centers of America

### Track C

9:35 – 10:10 am

Current Business, and Clinical Thoughts on Spine Procedures in an ASC - Richard A. Kube II, MD, FACS, Owner/CEO, Prairie Spine & Pain Institute, and Bryan Zowin, President, Physician Advantage

10:15 – 10:50 am

How Changes in the Reimbursement Market will Change the Orthopedic, Spine and Pain Management Device Market - Carl R. Noback, MD, Medical Director, Innovative Pain Solutions, LLC

10:55 – 11:30 AM

Managing Orthopedic Device Costs in the ASC - John Cherf, MD MPH MBA, OrthoIndex

11:35 – 12:10 pm

Back to the Future - Hospital Employed Physicians, How Big Will This Be? - Les Jebson, Executive Director, University of Florida, Orthopaedics and Sports Medicine Institute

### Track D

10:15 – 10:50 am

Current Challenges in Financing ASCs and Financing Acquisitions and Expansions - Robert Westergard, CPA, CFO, Ambulatory Surgical Centers of America and Mike Karnes, CFO Regent Surgical Health, Moderator, Anthony Mai, SVP Healthcare Finance, Sun National Bank

10:55 – 11:30 am

Does a Captive Insurance Company Make Sense for your Large Orthopedic or Spine Practice, Pat Sedlack, SVP, Marsh McLennan, J. Brian Jackson, Partner, McGuireWoods LLP

11:35 – 12:10 pm

Uniknees in ASCs - Walter Shelton, MD, Mississippi Surgical Center

### Track E

10:15 – 10:50 am

5 Steps to a More Prosperous ASC - How to Improve Billing and Coding - Kim Woodruff, VP Corporate Finance and Compliance, Pinnacle III

10:55 – 11:30 am

Key Concepts on the Smart Use of Information Technology in ASCs - Marion Jenkins, CEO & Founder, QSE Technologies, Craig Veach, SVP Operations, Amkai

11:35 – 12:10 pm

Maximizing the ROI on Technology Use and Investments - Sean Benson, Co-Founder and Vice President of Consulting, ProVation Medical

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- 5 Keys to Maximizing an Orthopedic Driven ASC's Returns in a Tough Economy - Brent Lambert, MD, FACS, President & Owner, Ambulatory Surgical Centers of America
- The 7 Best Ways to Increase ASC Profits Now - Larry Taylor, CEO, Practice Partners in Healthcare
- The Changing Future of Health Care in the United States - Joe Flower, Healthcare Futurist
- The Politics of Health Care Reform - Ron Brownstein, Political Director, Atlantic Media Company
- Key Concepts to Improve the Profitability of Spine Programs - John Caruso, MD, Jim Lynch, MD, Founder Surgery Center of Reno, Moderator, Jeff Leland, Managing Director, Blue Chip Surgical Center Partners
- ASC Transactions, Current Market Analysis and Valuations, - Greg Koonsman, Senior Partner, VMG Health
- Establishing an ASC - 10 Keys for Success - Bill Southwick, President & CEO, Healthmark Partners
- A National View of Political Advocacy Efforts and ASCs - Andrew Hayek, CEO, Surgical Care Affiliates, Chairman, ASC Coalition
- Washington Update - Kathy Bryant, JD, President, ASC Association
- Building Outstanding and Profitable Pain Management Programs, Making Pain Profitable - Robin Fowler, MD, Executive Director & Owner, Interventional Spine & Pain Management
- How to Effectively Measure and Track Patient Quality - David Shapiro, MD, Director of Medical Affairs, AMSURG
- 5 Tips for Managing Anesthesia in Your ASC - Marc Koch, MD, President & CEO, Somnia Anesthesia
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individual relationships with each [physician]. Every physician on staff here, whether they are a partner or not, I try to make them feel important because they are, and without them we cannot do our jobs," she says. "Good communication is key with the physicians, patients and employees. At times, that is tough but very important if not the most important."

Ms. Kapp's favorite aspect to serving as administrator is the pride she gets from each of the center's accomplishments. She says, "I get to create an environment that isn't always perfect, but pretty close to it. There is a constant evolving of ideas and ways to do things, leading to perfection. This is obviously a never ending task. I feel there is always a way to do something better or more efficiently, and realistically will never be perfect but will be fun trying to get there."

**David Kelly, MBA, CASC (Samaritan North Surgery Center, Dayton, Ohio).** Mr. Kelly is the administrator of Samaritan North Surgery Center, a multi-specialty center with four ORs and two procedure rooms. SNSC performed over 5,300 cases in 2009. The specialties at the facility include ENT, general surgery, orthopedics, ophthalmology, podiatry, GI, plastic surgery, gynecology and urology. SNSC is a joint venture between Good Samaritan Hospital and local physicians and is managed by Health Inventures.

Mr. Kelly joined the facility in late 2006 and has worked to provide the utmost in quality patient care, grow the business and assure cost-effectiveness in the provision of services. Co-workers say he is dedicated to all forms of customer satisfaction and leads the network in patient satisfaction ratings. He is well-respected by all shareholders for his efforts in these areas as well as his data-driven approach to the business. He works hard to integrate his expertise with the services provided by Premier Health Systems, which operates Good Samaritan, and adds value to the overall healthcare provided in the Dayton market.

Mr. Kelly has a background in finance, IT and operations, which he uses to elevate ambulatory surgery to a new level and to contribute to best practices within the Health Inventures network.

**Sara McCallum (Sheboygan Surgery Center, Sheboygan, Wis.).** Ms. McCallum is administrative director of Sheboygan Surgery Center, a multi-specialty surgery, endoscopy and pain management center. The center opened in July 2008 and consists of three operating rooms, two procedure rooms and 17 pre- and post-op areas. Ms. McCallum has been with the ASC since February 2008.

Ms. McCallum has many years of experience in ASCs and has opened six surgery centers throughout her career. She worked at most of the centers in a variety of roles including executive director, director, risk manager and staff nurse.

At Sheboygan Surgery Center, Ms. McCallum and her staff have implemented what she terms a "great" Performance Improvement Program, as well as a philosophy of "exceed the expectation." With these programs in place, Ms. McCallum credits her excellent staff with making the ASC a great place to work. "One of the best parts of my job is empowering and mentoring my staff," she says.

Ms. McCallum has a bright vision for Sheboygan Surgery Center. She says, "I expect our center to continue to grow, to be an example of how health-care should be delivered and to be the best possible place for our patients to be cared for. I want it to become a place for physicians to work, be efficient and part of the team and a place where our staff can grow and love what they do every day."

**Neal Maerki, RN, CASC (Bend Surgery Center, Bend, Ore.).** Mr. Maerki is the administrator of Bend Surgery Center, a four-OR, three-procedure room, multi-specialty surgery center. He started his career with BSC in 1997 as a nurse, then nurse manager administrator. He previously worked as a telemetry floor manager and an ICU staff nurse before moving into ambulatory surgery.

The success of Bend Surgery Center can be attributed to a dedication to communications and rigorous tracking of financial benchmarks at the center. Mr. Maerki says, "We hold weekly administrative meetings with our board chairman, medical director and the administrative team. We utilize multiple dashboards to track financial variations. We utilize a weekly financial review to track cash, receivables and deposits."

Bend Surgery Center has also been able to maintain and recruit key employees who have worked hard to provide quality care and create a positive reputation for the center in the community, according to Mr. Maerki. To honor this staff, Bend hosts several Employee Appreciation Weeks. He says, "Employee Appreciation Weeks recognize all our staff members with an administration carwash, massages all week, a lunch cookout in the parking lot, a hot cooked breakfast on Friday morning and a family picnic to close out the week."

Overall, when it comes to his role as administrator, Mr. Maerki says, "I like the challenges associated with seeing the big picture and providing leadership for the staff and the physicians."

**Becky Mann (Houston Orthopedic Surgery Center, Warner Robins, Ga.).** Ms. Mann is the director of Houston Orthopedic Surgery Center, which specializes in orthopedics and spine. The 5,500 square-foot center has two operating rooms, and it opened in 2007. Ms. Mann came to Houston Orthopedic in May 2007 and was involved in the development of the center. She has worked in the medical industry for 37 years, working in surgery or in post-surgical care for her entire career. She came to



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the Warner Robins area in 2002, when she began working at the OR in the local hospital.

The great physicians and staff members at Houston Orthopedic are part of what Ms. Mann enjoys most about her center. "Each of [our physicians] has their own unique way making patients, family, team members and myself feel special and appreciated. [Our staff members] are dedicated to excellence in patient care, keeping cost down, staying current and working hard. Wonderful life-long friendships have been made here. They are the heart of the surgery center," she says.

Ms. Mann says she enjoys the variety of working in administration. "I still have the opportunity to take care of patients in and out of the operating room. I am addicted to finding ways to cut costs, keep value and increase profits. Maintaining an inventory system has been a great learning experience. Staying current with CMS and AAAHC is a fun challenge and always educational," she says.

**Melody Mena (Spivey Station Surgery Center, Jonesboro, Ga.).** Ms. Mena is the administrator of Spivey Station Surgery Center and the managing director of surgical services for Southern Regional Health System. The center originally was opened 1998 by Georgia Baptist Health System. In 2000, the center became a joint venture between Southern Regional Health System and its physicians. The center has recently celebrated its first year in a new state-of-the-art facility.

Ms. Mena has been the administrator at Spivey Station since 2005. She previously co-owned a company that offered first assistant services to physicians and another company that provided services related to turning around healthcare companies in distress. Ms. Mena has a clinical background in perioperative nursing.

One approach that Ms. Mena says has been valuable to her success as an administrator is to write four-year strategic plans for her businesses, including the surgery center. "We are in a major growth phase at this point in our strategic plan," she says. "In a time when most surgery centers are down in volume due to the recession, we are seeing a significant increase in our business. The most important factor at this point is staying ahead of the curve and adjusting our business plan to accommodate changing times with healthcare reform."

Ms. Mena says the favorite component of her ASC is the staff and physicians who "believe in being the best and make it happen everyday." She also enjoys being an administrator because she is "able to implement a vision that raises the bar of the future of healthcare."

**Melodee Moncrief, RN, BSN, CASC (Big Creek Surgery Center, Middleburg Heights, Ohio).** Ms. Moncrief is the administrator for the Big Creek Surgery Center in Middleburg Heights, Ohio, a member of Foundation Surgery *Affiliates*. She has more than 15 years of experience in the ASC industry after previously serving as a nurse's aid and an ICU nurse at a hospital.

For each of the 20 physicians working at the center, the staff tries to make each one feel as though they are the only surgeon at the center. "We try to make it our whole team approach. Not one person's idea is any better or more important than another's," Ms. Moncrief says.

Ms. Moncrief and her staff also take this approach with patients. "We make each patient feel as though he or she is the only patient here," she says. This has led to a positive patient response, especially when it comes to the pediatric cases at the center. "We have children who come into the center and are screaming, but by the time they leave they are smiling," she says. "Many people ask how we do that, and it is due to our knowledgeable and friendly staff."

**Cindy Moyer (Surgery Center of Pottsville, Pottsville, Pa.).** Ms. Moyer is the administrator of the Surgery Center of Pottsville, a multi-specialty, two-OR center that is operated by the Ambulatory Surgical Centers of America. Ms. Moyer has been with the center since it opened in 2006. She previously ran an ENT and allergy practice for 21 years and prior to that worked with an internal medicine group.

Ms. Moyer has worked hard to keep staffing and supply costs under control. "Working with the staff to keep flexibility and making sure we do not have an over abundance of supplies on hand is a key essential to the success of our center. We also stride to have the best turn over times and to have the operational schedule run in a timely fashion," she says.



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Ms. Moyer says her staff's commitment to patient care and satisfaction has added to the success of her center. She says, "I enjoy the diverse group of physicians and I am very blessed to have such an excellent medical staff, clinical staff and business staff providing the highest quality care, excellent customer service and affordable healthcare."

Ms. Moyer enjoys taking part in the growth and success of her center. "It truly makes coming to work enjoyable and exciting as well as satisfying knowing that you are running an efficient business as well as providing excellent quality care to the community of Schuylkill County," she says.

**Thomas Mulhern (Limestone Surgery Center, Wilmington, Del.).** Mr. Mulhern is administrator of Limestone Surgery Center, which opened in 1987 as the first ASC in Delaware. Mr. Mulhern began his career with Limestone 23 years ago. For the past four years he has served as a member of Delaware's certificate of need board.

One of Mr. Mulhern's favorite aspects of his job as an administrator is the team of people he works with. "Our organization is built on the talent of our staff," he says. "They are dedicated to providing excellent care while treating each patient as if they were family. It is always a pleasure to hear from a patient that we have 'exceeded their expectations.'"

Mr. Mulhern adds, "Not having a clinical background, I rely heavily on the input of our nurse manager and nurse supervisor. They do a great job and our collaborative approach to managing the ASC has worked very well."

Limestone and Mr. Mulhern have worked hard to recruit new physicians to the center, especially as some of the surgeons who opened the center start to retire. "In 2003, our ASC was 15 years-old, and we recognized that the average age of our surgeons was increasing. We implemented a business plan to recruit young surgeons to become partners," he says. "The effort has been a real success. It has infused fresh ideas and new procedures into our center, and we have decreased the average age to 49 years-old. Without this active recruitment, the average age of a partner would be 57 years-old today."

**Michael Pankey, RN, MBA (Ambulatory Surgery Center of Spartanburg, Spartanburg, S.C.).** Mr. Pankey is the administrator of the Ambulatory Surgery Center of Spartanburg, a joint venture with Spartanburg Regional Hospital. He served as administrator and clinical resources manager at different locations. His background is in nursing, and he worked in the operating room at several hospitals. He served for 10 years in the U.S. Army Reserve. Mr. Pankey is the immediate past-president of the South Carolina Ambulatory Surgery Center Association and he represents the Association on the South Carolina Workers' Compensation Commission Advisory Committee.

Mr. Pankey has seen his center through many successes. One achievement that he is particularly proud of is the addition of GI to his center in its second year. "We introduced propofol anesthesia to the specialty in our area," he says. "This makes our patients more comfortable and our GI practitioners more efficient. This specialty now accounts for 30 percent of the business in the center."

Mr. Pankey says running an efficient business and providing quality care to the community are his favorite aspects of his job. "My clinical director has told me that she can tell that I enjoy watching an efficient process," he says. "I guess she is right. I love to watch the staff at Waffle House. They seem to have an ability to control confusion. I guess looking at a busy surgery center must look a lot like that to an outsider."

**Theresa Palicki, MHA, MBA, CASC (Eastside Surgery Center, Columbus, Ohio).** Ms. Palicki is the administrator of Eastside Surgery Center, which is a joint venture between physicians and OhioHealth and managed by Health Inventures. She joined Eastside in Nov. 2005, but she has held positions in healthcare administration since starting her career.

Ms. Palicki says the best aspect of her center is that surgeons and staff "refuse to give up." She says, "After 15 years, we have seen heavy competition with over 20 competing ASCs in the immediate area, and we have seen several ASCs fail because they don't think two to three years down the road. Eastside has been through management company change, board leadership change, administrative change, management change, payor constraints, regulatory changes and significant specialty shifts."

Part of this adaptability can be attributed to the culture at the center. According to Ms. Palicki, Eastside is notorious for having a wonderful sense of humor from the board to the staff. "We take patient care and sound financial decision-making seriously but still love to laugh and have fun in this stressful environment," she says.

Ms. Palicki enjoys the autonomy her role as administrator affords her as well as the strong support she receives from her board, OhioHealth and Health Inventures. She says, "I have the complete support and respect by my Board of Managers. We disagree, we argue and we respect opinions and perspectives. There are no hurt feelings, just sound business judgment."

**Anne Roberts, RN (Surgery Center at Reno, Reno, Nev.).** Ms. Roberts is the administrator at the Surgery Center at Reno. The surgery center has a unique ownership model which consists of physician partners with a majority ownership, a hospital partner — Saint Mary's Hospital in Reno — and a managing partner — Regent Surgical Health.

Ms. Roberts began her career as a nurse in the emergency department, spending 16 years as a staff nurse and 10 years as the manager of a busy ED seeing 55,000 patients annually. "The experience in the ED setting has provided me with the ability to multitask, manage multiple, often competing priorities while fostering the provision of patient care, managing a complex budget, mentoring of employees and continuous assessment of the services being provided," she says.

Over the past few years, Ms. Roberts has overseen significant growth at her ASC. Recently, it obtained AAAHC accreditation and went through all of the process changes necessary to receive this recognition of patient safety excellence. In addition, the center has created a "progressive spine program, pain management program and excellent orthopedic service line," she says. "We started an outpatient bariatric program shortly after we took over the facility. I am very proud of the excellent care we provide to our patients with a focus on exceeding the physician and patient's expectations."

**Mary Ryan RN (Tri State Surgery Center, Dubuque, Iowa).** Ms. Ryan is the administrator of TSSC, a multi-specialty facility with three operating rooms and two procedure rooms. TSSC performed over 5,000 cases in 2009. The specialties at the facility include ENT, gastroenterology,



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general surgery, gynecology, ophthalmology, orthopedics, pain management, plastic surgery, podiatry and urology. The evolution of the center began with its construction and opening in 1998 by Medical Associates Clinics and Health Plans along with Mercy Hospital. The center is currently managed by Health Inventures.

Ms. Ryan began her career in nursing in 1986 and joined TSSC in 1998 as Director of Nursing. She then became the administrator in 2001. Mary has also served in the capacity of regional director during her tenure with Health Inventures.

Ms. Ryan is a past AORN chapter president. In addition, she is a founding member and is currently serving her second term as president of the Iowa ASC Association. She is very involved with the Iowa Healthcare Collaborative Provider Advisory Council, is a consistent speaker at ASC Association conferences, and earned her MBA in Dec. 2008.

**Marcy Sasso (Ambulatory Surgical Center of Union County, Union, N.J.).**

Ms. Sasso is the director of operations at the Ambulatory Surgical Center of Union County in Union, N.J. She joined the ASC of Union County in May 2004. Prior to this position, she served in many roles at other surgery centers and at Saint Barnabas Hospital. She was also the finan-

cial and legal administrator for a multi physician practice and office manager for an outpatient physical therapy centers.

In addition to caring for patients, Ms. Sasso encourages staff members to give back to the community. Recently, Ms. Sasso spearheaded the New Jersey medical supply collection efforts for Haiti as well as collaborated with N.J. for Haiti, Inspire Haiti and the Red Cross to collect durable medical goods, medicine and all types of medical/surgical supplies. Ms. Sasso was nominated for the New Jersey Jefferson Award 2010 for outstanding public service and was also named Humanitarian of the Year by the New Jersey Salvation Army. She is now a member of N.J. for Haiti, Inspire Haiti and Aid for AIDS.

Ms. Sasso says through the efforts this year, her new motto has become "Belief in Relief." "I also love making a difference in people's lives, sharing and mentoring staff and striving to make everything to be great," she says.

**Tona Savoie, RN (Bayou Region Surgical Center, Thibodaux, La.).**

Ms. Savoie is administrative director of Bayou Region Surgical Center, a multispecialty surgery center managed by ASD Management. She has been with Bayou Region since its start-up. Prior to becoming an

administrator, Ms. Savoie worked as a circulator for three and a half years at a large hospital and one year as a circulator at an ASC, which converted to a hospital. She later became the OR coordinator at the same facility.

Finding the right staff and maintaining morale have been essential to Bayou Regional's success. "Both groups are extremely important to the functionality of a center for obvious reasons, but I have found that the more information that is distributed, the better the work output. People like to know what they are working for and many times are more willing to do so if they know why," Ms. Savoie says.

Ms. Savoie enjoys the relationships that have been formed among physicians, staff members and administration. She says, "You have to love what you do and most times who you do it with. I love my staff and surgeons and could not facilitate any amount of success without everyone's participation. Success is never rooted from one person or one event and I feel our center is an exceptional example of teamwork at its best."

Ms. Savoie says that being an administrator has allowed her to develop her researching and critical thinking skills. "I thrive on creating new processes which can help in any way — from physical ac-

tions to reports sent to surgeons. There is a great feeling of accomplishment when you create something that actually benefits people's lives."

#### **Lynda Dowman Simon (St. John's Clinic, Springfield, Mo.).**

Ms. Simon is the administrator at St. John's Clinic in Springfield, Mo. Prior to coming to St. John's, she worked for 13 years at a local hospital in the open heart center and urology. She spent four years in a telephone triage room before making the move to the ASC industry.

Ms. Simon created the successful "Hiring for Fit" program in which she and her staff learned how to ask "negative" questions to potential hires. "It tells you a lot about the personalities of the people you are interviewing," she says. "I want to see how someone can make a positive out of a negative. If they are able to take a challenge and give a nurturing answer, I know they will be good caregivers and are in touch with the needs of the patient."

Ms. Simon says she truly enjoys her position as administrator. "There are so many facets I can get into and wrap my fingers around," she says. "I get to do so much from helping incorporate changes in service to working shoulder-to-shoulder with nurses in recovery." Ms. Simon encourages other RNs who feel like they have something to offer surgery centers to look into management. "There are so many ways to apply what you know and make a better environment for the staff," she says.

#### **Jim Stilley (Northwest Michigan Surgery Center, Traverse City, Mich.).**

Mr. Stilley is the CEO of Northwest Michigan Surgery Center. Previously, he was an executive director with National Surgical Care and was a lieutenant commander in the U.S. Navy. He has also worked in the hospital setting. Mr. Stilley is serving his second term as the president of the Michigan Ambulatory Surgery Association.

Because of its size, NMSC has actively sought out a leadership role in addressing reticent behavior by federal and state agencies toward ASCs. "I spend quite a bit of my time reacting to payments from federal and state agencies that don't cover the cost of the service," Mr. Stilley says. "There is a built-in assumption by government that ASCs will be able to contract with commercial payors at a rate that will cover the governmental underpayments. This is becoming much harder to actually accomplish."

This involvement in federal, state and local issues is what Mr. Stilley attributes to his MASA presidential nomination for the second year in a row. "It has simply amazed me that you can have high quality healthcare at a significantly reduced price with phenomenal access and still have detractors," he says. "I take my hat off to our physicians and hospital partner that took the huge financial risk to create a place that did the right thing for our community, while saving our patients, Medicare and the State of Michigan significant amounts of money."

#### **Stephanie Stinson, RN, BSN (Strictly Pediatrics Surgery Center, Austin, Texas).**

Ms. Stinson is the administrative director of the Strictly Pediatrics Surgery Center. The pediatric-only ASC celebrates its three-year anniversary in April 2010. Ms. Stinson has been a nurse for 16 years and has served as a staff nurse in the neurology/surgical ICU, surgery and the recovery room.

One aspect of her center Ms. Stinson enjoys is that it "provides a safe fun place for children to come have surgery." She says, "The staff here (our family) is very loving and caring. They have created an atmosphere and environment that is pleasant, fun, and interactive for the child and parents. We have many repeat customers, whether it is the same child or a sibling."

Ms. Stinson loves the challenges that come with the job, and she says she learns something new every day in her position. She is even more thankful that the management company, ASD Management, helps her keep up with changes within the healthcare industry. She enjoys the administrative and clinical aspects of her job and says that multi-tasking keeps her busy as

day-to-day operations are constantly changing. Handling these challenges enables Ms. Stinson to grow professionally and personally.

Ms. Stinson attributes the success of Strictly Pediatrics Surgery Center to an active, supportive group of physician investors that truly care about the center and its employees. She also says Strictly Pediatrics' true success is bolstered by a caring staff that supports each other and works together as a tremendous team to ensure that each patient and family member has a great experience while under the center's care.

#### **Kimberly L. Tude Thuot, MAOM, CMPE (Yakima Ambulatory Surgical Center, Yakima, Wash.).**

Ms. Tude Thuot is the administrator of YASC, a three-OR, physician-owned, multi-specialty ASC. She has been with YASC since Aug. 2009. She began her career as a nursing and dental assistant before moving into administration at dental practices. She also worked as a general manager for a dental brokerage firm and as manager of an orthopedic group and a sports medicine group. She has also held administrative roles for multi-specialty and pain management practices.

One of the challenges Ms. Tude Thuot faced when joining YASC was organizing a center that has been without an on-site administrator for a year. Since she came on-board, YASC has established a budget and a capital expenditures plan; updated all of its computer hardware, which was nearly 10 years old; updated its phone system; and purchased and started the implementation process of an EHR system. She adds, "We have restructured our staffing to be more efficient; we have hired a certified coder and with the implementation of [EHR] are moving our coding and billing back in house; we are preparing for some remodeling over the next several months; and we are currently preparing for our re-accreditation with AAAHC this summer."

The team at YASC has helped Ms. Tude Thuot accomplish all of these tasks. She says, "They are truly a joy to work with and for. It is rewarding

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to see them achieve success (learning the new software, etc.). I am — like many other administrators — very driven and motivated to succeed. I thrive on handling projects and being a member of a well-respected organization.”

**Dianne Wallace, RN, BSM, MBA (Menomonee Falls Ambulatory Surgery Center, Menomonee Falls, Wis.).** Ms. Wallace is the executive director and CEO of the MFASC, a joint venture between a local community hospital and two larger medical groups. Ms. Wallace has administrative experience in hospitals, home health, medical groups and ambulatory surgery. Prior to serving in administrative roles, she spent a number of years working as a registered nurse in hospital inpatient, outpatient, emergency room, home-health and long-term care settings. She served as past president of the Wisconsin Surgery Center Association and the MGMA ASCA executive committee.

While at MFASC, Ms. Wallace has overseen much of the growth at the center, including the creation of the GI center. “MFASC performed primarily surgical procedures,” she says. “About six years ago we opened our new GI center. We were able to double our case volume within a couple of years after adding this specialty. We have also added and expanded pain as a service.”

Ms. Wallace has also enacted a staff cross-training program that has proved very beneficial. “Staff cross-training has been successful at maximizing efficiencies and avoiding position cuts in this down economy,” she says. “We have successfully achieved three, three-year AAAHC accreditations in the past 10 years.”

**Michelle Warren, RN, BBA (Powder River Surgery Center, Gillette, Wyo.).** Ms. Warren is the executive director of Powder River Surgery Center (PRSC), which opened in Dec. 2003. Ms. Warren began her career in healthcare as a surgical tech and soon pursued her nursing license and a bachelor's in business administration. She spent many years as an operating room travelling nurse, working mostly in trauma, orthopedic, spine and open heart specialties. In 2002, Ms. Warren settled in Wyoming and helped to develop and open PRSC. She also works as a surveyor for AAAHC.

The center has received, on numerous occasions, zero deficiencies when surveyed by Medicare and AAAHC. “The surveyors for Medicare were surprised to find the physicians of PRSC were on the cutting edge of technology,” Ms. Warren says. “The physicians have also developed great pain control methods for post operative care.”

The team atmosphere and dedication of all staff members is what Ms. Warren enjoys most about working at PRSC. She also appreciates the opportunity to lead a great staff, oversee patient care and create efficiencies at the center.

“The team player and caring attitude by all members, including the medical staff, is obvious when you enter our facility,” she says. “The common goal among our staff members is to serve our patients with the highest standard of care in a comfortable, safe and professional atmosphere. It is a corporative effort of our team to continue to achieve great success.”

**Cindy Young, RN, CASC (Surgery Center of Farmington, Farmington, Mo.).** Ms. Young is the administrator of the Surgery Center of Farmington. She has been at the center since it opened, starting as a staff nurse and moving into the administrator position in 2002. Prior to coming to the center, she was a nurse at a rural hospital for five years and served for two years in the OR at the hospital.

“I absolutely love my job,” says Ms. Young. “I love ambulatory surgery. I found my niche.” She credits the success of her center and herself to the staff and physicians. “We work together as a family,” she says.

She also credits a part of her success to the support she receives from Woodrum/ASD, which manages the center. “If it wasn't for them giving me the administrator opportunity and supporting me, I wouldn't be where I'm at,” she says.

**Becky Zigler-Otis (Ambulatory Surgical Center of Stevens Point, Stevens Point, Wis.).** Ms. Zigler-Otis is the administrator of the ASC of Stevens Point, which opened in Aug. 2006. She has been administrator since Jan. 2008. Before coming to ASC of Stevens Point, Ms. Zigler-Otis worked Bay Area Medical Center in Marinette, Wis., where she held many positions over a 10-year period. She also worked for several hospitals including Bay Area Medical Center and Alexian Brothers Medical Center in Elk Grove Village, Ill.

Ms. Zigler-Otis has led ASC of Stevens Point's transition to outsourcing the billing and collections process. “We continue to tweak the collections process on a regular basis, and my goal in this area is to be a ‘best practice’ facility with data driven results, such as A/R, and for smooth collections,” she says. Ms. Zigler-Otis has also overseen the center's initiative to employ its own staff rather than to “lease” employees. She has also led the effort to “get the word out” about ASC at Stevens Point through open houses, radio campaigns and through the Portage County Business Council.

The staff at ASC of Stevens Point is Ms. Zigler-Otis' favorite part of her job. “We have wonderful staff and physicians; everyone works well together, and there is lots of teamwork. You never hear ‘that is not my job.’”

Ms. Zigler-Otis enjoys the diversity being administrator allows. “Every day is different. I usually start off with a plan on what I want to accomplish for the day and once I arrive it takes a totally different turn,” she says. ■

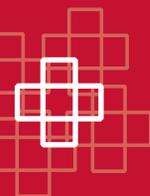
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# 5 Steps to Creating a Balanced Pain Management Surgery Center

By **Renée Tomcanin**

**P**ain management can be a profitable addition to a surgery center. However, due to the nature of the specialty, balance is essential to the success of pain management.

Mike Heifferon, PhD, MBA, chief operating officer, and Marie Masztak, RN, BEd, vice president of nursing, of Deca Health, a management, billing and development company specializing in interventional pain management services, provide the following five steps to creating a balanced pain management practice in your ASC.

## Step one: Recruit good physicians

Dedicated, talented physicians are essential to any successful service line in an ASC. Because of increased scrutiny over procedure overuse and abuse, surgery centers need to ensure that their interventional pain physicians are qualified and dedicated to proper patient care. According to Mr. Heifferon, the Accreditation Association for Ambulatory Health Care requires that all physicians performing pain management at an ASC be certified.

Mr. Heifferon and Ms. Masztak agree that pain management physicians should be board certified and/or fellowship trained. Other areas to consider are the physician's experience with the procedures he or she will be performing and the percent of the physician's new patients who will receive procedures according to evidence-based medicine.

Mr. Heifferon recommends bringing in physicians who want to be partners in the center or who are existing partners that aren't making maximum use of the center. "Both parties have the same risk [in this scenario.] When the physician is not partnered with the center, they look at things, such as cost effectiveness, time off, etc., differently," he says.

Another issue to keep in mind when bringing pain management physicians on board is the importance of separation of office practices from that of the ASC. According to Ms. Masztak, the Medicare (CMS) Guidelines require separation of the surgery center from the office in order for the surgery center to be accredited. Therefore, the physician can see patients in the office at designated times prior to or after the completion of procedures.

## Step two: Meet with and educate referring physicians

Marketing is an essential tool to a surgery center's success, and when it comes to interventional pain management, education is an essential part of marketing. Mr. Heifferon and Ms. Masztak suggest that ASCs should devote one full-time equivalent position (ideally, two part-time staffers) to marketing efforts.

Meeting with referring physicians is an important part of this step, according to Mr. Heifferon and Ms. Masztak. Representatives from the ASC should provide physicians with information regarding customer and physician satisfaction at the center as well as educational material on pain management and how it can enhance their patient's care.

"It is important to demonstrate to new physicians that performing pain management procedures in the ASC allows them to collect a facility fee while providing high quality and safe services to their pain patients," Mr. Heifferon says.

Ms. Masztak says, "One aspect of care that can enhance access for patients into pain management is by promoting a good working relationship between the physicians of the ASC and the neurologists/orthopedists to gain same day ac-

cess by following preset guidelines for intervention — what we call Fast Track MD. Another would be when patients have experienced a pain management intervention previously, they are able to fast track their own care by following set guidelines for expedited care — what we call Fast Track Patient."

Another important step, according to Ms. Masztak, is to educate the community on pain management and chronic pain treatment. "You want to create awareness and to educate physicians (and community) on what the surgery center does and show that it is about helping, rather than 'stealing' patients," she says.

## Step three: Consider the patient's experience

As pain management is a high-volume specialty, addressing the patient's experience is essential to the service line's success. "We set a patient satisfaction goal of 98 percent at our centers," Mr. Heifferon says. "When centers have patient satisfaction scores in the 90s, that is still good, but it is important to ask what they consider an issue (such as no-show rates) and to continually improve."

Prior to adding pain management to your ASC, Mr. Heifferon suggests looking at three areas — patient flow, wait time and time from admission to discharge.



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"You need to respect the patients time as much as your own," he says. "Because of the nature of an ambulatory surgery (need for another person to drive/pick up patient, etc.) it is important to be able to give the patient a close approximation of the amount of time they will spend at the center."

For this reason, ASCs need to ensure they will be able to handle the patient load and the quick turnover time needed for pain procedures, which are typically about 15 minutes in length. The short procedure times often mean patients will wait longer in prep and recovery than in the actual time it takes to perform the procedure. Therefore, efficiency is critical.

Physician output may also be affected by poor patient satisfaction, according to Mr. Heifferon and Ms. Masztak. "Poor patient outcomes can often result in a physician using pain management or the surgery center less," Mr. Heifferon says. "You may not know this until you drill down to and examine trends on a physician level."

#### Step four: Understand payor issues specific to pain management

Communication is essential to ensuring the ASC and physician are reimbursed properly for pain management procedures. "You need to check

whether a patient's insurance covers the pain management procedures and make sure the billing department is aware of co-pays or what current outstanding debt may be," says Ms. Masztak. "Also, communicate with the patient to know whether insurance is covering the procedure and with the physician to make sure medical necessity is demonstrated."

Mr. Heifferon says it is important to communicate any costs to the patient prior to the procedure.

Mr. Heifferon and Ms. Masztak offer the following advice for ensuring proper billing and reimbursement of pain management procedures in your surgery center:

- Know your billing guidelines per insurance carrier for pain management procedure
- Make sure the physician's and ASC's charges match exactly.
- The correct levels must be billed, so it is important to know the difference between disc levels and in-between levels and have this clarified on the physician's report as necessary.
- Know modifiers that pertain to the ASC and its procedures.
- Anesthesia is billed per insurance carrier guidelines, so be aware of what is and can be used for the procedure.

#### Step five: Offer profitable procedures

As with any service line offered in your ASC, providing the right mix of procedures is essential to success. It is essential that all procedures be verified for insurance coverage in the ASC prior to the physician performing the procedure.

The following eight procedures are identified by Mr. Heifferon and Ms. Masztak as the most common performed in a surgery center:

- SI steroid joint injection
- Cervical epidural steroid injection
- Lumbar epidural steroid injection
- Spinal cord stimulator trials are done to evaluate whether this is the best mechanism to control chronic pain
- Cervical facet injection
- Lumbar facet injection
- Transforaminal epidural steroid injections and selective nerve blocks
- Radiofrequency ablation procedures. It is important to note that prior to adding RFA to a surgical center, proper cost and volume analysis is necessary. These units are expensive and if volume is not adequate, then a per case arrangement with the unit cost built into the supplies often can be arranged. ■

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# What Health Reform Will Mean for Physicians and Hospitals

By Leigh Page

## For Physicians:

**1. Increased demand for physicians.** With 32 million more Americans expected to enter the health insurance market, demand should rise, especially for primary care physicians, the *Philadelphia Inquirer* reported. This occurred when Massachusetts passed its statewide universal healthcare in 2006. However, the expansion in coverage will not happen for a few years, until 2014.

**2. No permanent fee fix.** The reform legislation does not permanently repeal the Medicare sustainable growth rate formula, which is again set to trigger a 21.2 percent pay cut for physicians at the end of the month. "It's really unclear what pathway the House is considering to change the situation," Robert Bennett, a government affairs representative for the Medical Group Management Association told *HealthLeaders* this week. "Now we are looking toward the April deadline, and then Congress will have a recess, and they are really running out of days."

**3. New independent panel setting reimbursement rates.** The new Independent Payment Advisory Board "could unilaterally reduce Medicare payments without any public input," said James Goodyear, MD, president of the Pennsylvania Medical Society in the Carlisle (Pa.) *Sentinel*.

"The current IPAB framework could result in misguided payment cuts that undermine access to care and destabilize healthcare delivery," added AMA President J. James Rohack, MD, in a release.

**4. More bureaucracy.** "The health system reform bill creates more government bureaucracy" and "installs mandates too numerous to list," Dr. Goodyear told the *Sentinel*. "We see no reduction in administrative burdens for physicians and no reform in the way healthcare services are paid under the Medicare program," added Joseph Reichman, MD, president of the Medical Society of New Jersey, in the *Philadelphia Business Journal*.

**5. No tort reform.** "The legislation does not include any medical malpractice reforms that would lower physician costs and prevent defensive medicine practices," Dr. Reichman told the *Philadelphia Business Journal*. Without tort reform, physicians "are forced to practice more defensive medicine than is necessary," the Pennsylvania Association of Health Underwriters told the *Philadelphia Business Journal*. The AMA and other organizations would like a cap on non-economic damages, but all the bill offers is \$50 million in grants to states to explore alternative means of resolving medical liability claims.

**6. Elimination of new physician-owned hospitals.** The bill would prevent any new physician-owned hospitals from opening after the end of the year and, except for a very limited exception involving physician-owned hospitals with a high Medicaid patient population, prevent existing hospitals from growing. The provisions "virtually destroy many of the hospitals that are currently under development, and leave little room for the future growth of the industry," said Molly Sandvig, executive director of Physician Hospitals of America. "It shouldn't make a difference who owns the hospital," Dr. Rohack told Medscape.

**7. Heavy reliance on Medicaid.** "The expansion of the Medicaid program, while laudable, is problematic," Dr. Reichman told the *Philadelphia Business Journal*. "The payments in New Jersey's Medicaid program are among the lowest in the country, resulting in a majority of our physicians opting out of it altogether."

## For Hospitals:

**1. More paying patients.** The addition of 32 million paying patients will benefit hospitals that treat great numbers of uninsured, such as Grady Health System in Atlanta. The reform bill "should take some of the operational pressure and the near-death experience Grady faced in 2007," Grady CEO Michael Young told Channel 11 in Atlanta. The bill's expansion of Medicaid in particular would erase most hospitals' bad debt within five years, Dan Mendelson, president of the consultancy Avalere Health, told the Associated Press. However, the expansion wouldn't take effect until 2014, and in the meantime, hospitals will look for mergers as a way to lower expenses, Paul H. Keckley, executive director of the Deloitte Center for Health Solutions, told *Bloomberg News*.

**2. Reduced Medicare reimbursements.** Hospitals are giving up \$155 billion in Medicare funds over the next decade, or about an 8 percent cut, but they are expected to gain \$170 billion because of fewer uninsured patients. Some are skeptical, however. Michael Walsh, CFO at Abington (Pa.) Memorial Hospital, told the *Philadelphia Inquirer* it would be a "leap of faith" to believe that there would be enough new revenue to cover the cuts. He decried the notion that "poof, we have this healthcare legislation and now there's coverage and the problems go away."



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**3. Quieter EDs.** With more people going to physicians for care, the hospital ED shouldn't be as busy, Jim Krauss, CEO of Rockingham Memorial Hospital in Harrisonburg, Va., told WHSV TV. However, it could be that "there'll be more demand than there is supply of doctors, which puts a potential risk on filling up ERs," Mr. Young at Grady said. "I think there's going to be strain getting into an internal medicine doctor's office or a family doctor just as [there will] be this big push for more service."

**4. Pressure to be more efficient.** Hospitals will need to "identify waste and be even more cost efficient," David Shulkin, MD, president-elect and COO of Morristown (N.J.) Memorial Hospital told the *Daily Record*. "Redoubling our efforts in this area will not be easy, nor comfortable, but it must be done to effectively serve our community." Cyril Chang, a healthcare economist at the University of Memphis, told the *Commercial Appeal* that "hospitals, physicians and other providers will be asked to work harder and provide more services for more people."

**5. More cooperation with other providers.** Health reform will require hospitals to collaborate more closely with physicians and other providers. "Going forward, success will require sustained effort and unparalleled cooperation from everyone on whom Americans rely for their healthcare, including hospitals, physicians and other caregivers, and insurers," Chip Kahn, president and CEO of the Federation of American Hospitals, said in a release.

**6. Advantages for hospitals with tax-exempt insurance plans.** While insurers have to pay a new fee, it will represent only half of premiums for tax-exempt insurers such as Kaiser Permanente and Geisinger, according to the Associated Press. Other hospitals that own small, not-for profit health plans should benefit, too.

**7. More Medicaid payments at lower rates.** Stephens Mundy, president and executive director of CVPH Medical Center in Plattsburgh, N.Y., told the *Press-Republican* the hospital will see an annual decrease in federal reimbursement rates for Medicaid patients in the next 10 years and an increase in eligibility for Medicaid. While the cuts in Medicaid happen immediately, the expanded coverage won't take effect for several years, he said. ■

Contact Leigh Page at [leigh@beckersasc.com](mailto:leigh@beckersasc.com).

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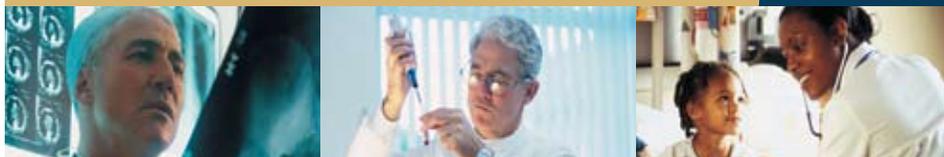
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# National Medical Billing Services Encourages Growth, Teamwork Among Staff

By Renée Tomcanin

**N**ational Medical Billing Services in Wildwood, Mo., specializes in providing billing and coding services to freestanding ASCs across the country. The company's over 50 employees, led by Lisa Rock, president and CEO, say that NMBS has provided a great culture for growth and teamwork.

NMBS has seen much success in spite of a struggling economy. One employee says, "This company has proven time and again that it is growing [by] leaps and bounds. It continues to hire and promote newer more employees than any company I have worked for in the past."

The company rewards its employees for meeting goals and beating national benchmarks, not only with monetary rewards, but other incentives such as paid time off, shopping trips, bowling and lunches as well.

Team building exercises are also crucial to NMBS's success. Another employee says, "[The activities] keep morale high, which directly impacts the high level of service we are able to provide. Still a growing company, there is endless opportunity for employees to step-up and take their career to the next level and beyond."

Senior management provides a fairly relaxed environment while encouraging staff members to advance their careers. One staff member says, "Here at NMBS we have a relaxed environment. We are not micromanaged, and we are treated like adults. In return, we are motivated to exceed performance goals and to add to the success of NMBS."

A flexible work schedule supports NMBS's commitment to its workers and their families. An employee says, "There are a lot of places that say they are family-oriented, but this one is. We all work very hard, and if one has a family emergency, you know your job will still be here, and everyone make sure your job is done [while you are gone]. Most of all, there is no limit to what you can learn, and Lisa's door is open to anyone with a problem or who wants to learn more."

This open-door policy has helped to handle problems that arise, ensuring the team atmosphere is maintained. "The ambience in the office is outstanding for coming to work every day," one employee says. "The staff gets along exceptionally well, and the teamwork among all the staff is outstanding as well."

Another staff member says, "In my work experience, I have found that it is very difficult to express new ideas or even concerns to senior management. On the contrary, here at NMBS, with Lisa's open-door policy, I am comfortable presenting new ideas. She encourages it, making the atmosphere feel more like a family than your traditional business office."

A positive environment has enabled NMBS to provide great customer service to its clients. An employee says, "We are all adults here, and we know in order to make our clients happy, we need to work hard to get the best results. I believe that each and every one of us wants to achieve that goal."

Another employee agrees: "There is a sense of family and community here that you won't find in most other work places — where bickering, fighting, gossiping and back-stabbing pollute the environment and lead to disgruntled employees. Although the employees here work in a high-stress environment, none of these things exist here on a substantial level. I believe a direct correlation can be drawn from this to the enjoyment employees have in their positions." ■

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# Regent Surgical Health's RISE System Fosters Values-Based Achievement

By **Barbara Kirchheimer**

**A**n effort to establish corporate values and recruit excellent leadership in 2007 has blossomed into a companywide culture, satisfaction enhancement and performance measurement tool for surgery center developer Regent Surgical Health.

In an effort to improve its recruitment and business prospects, Regent began working several years ago with Thomas Jacobs, CEO of MedHQ, a professional employer organization and business outsourcing service for ASCs, surgical hospitals and other healthcare businesses. Mr. Jacobs put Regent in touch with People Ink, a human resources firm that has worked with many large, well-known companies to develop their internal cultures.

"We were trying to understand what the inherent qualities of the most successful leaders in our facilities were," says Joyce (Deno) Thomas, who oversees quality improvement for Regent and serves as the chief operations officer of its Eastern Region.

What emerged, following hours of meetings with administrators and regional leaders to gather input, eventually became Regent's RISE values system. RISE stands for Respectful Caring, Integrity, Stewardship and Efficiency. RISE embodies the values that Regent hopes to exhibit both internally and with customers. According to their website, "respectful caring" involves demonstrating compassion toward all stakeholders. "Integrity" is staying true to what the company believes in, doing what you say you will do and adhering to commitments. "Stewardship" means taking responsibility for using and developing the company's people, property and assets while fostering a safe and secure environment, and "efficiency" involves appropriately identifying, selecting and managing resources to ensure excellent clinical and financial outcomes.

These values are not only fostered within the company, they are reinforced through incorporation into interview guides, job descriptions and performance evaluations. "People who demonstrate high standards of all four values are more likely to be hired and to receive better performance reviews than those who do not," Ms. Thomas says.

Results show the culture has taken hold. Nursing attrition rates have dropped across the country for Regent, Ms. Thomas says. Patient satisfac-

tion elements that are tied to RISE components such as respectful caring, stewardship and efficiency have also risen, according to monthly patient satisfaction reports. Finally, the synergies between staff and physicians in Regent facilities that have embraced RISE have improved.

Last year, Regent began recognizing employees and rewarding them for demonstrating the core RISE values. Anyone who works at a Regent facility can nominate a recipient, but the nomination must be backed up with a story explaining how the employee embodied one of the RISE components. "It can't just be so-and-so smiles a lot," Ms. Thomas explains. The employee — or team of employees — then receives a puzzle-piece shaped pin to wear or display. So far, about 40-50 employees have received such recognition, Ms. Thomas says.

In the latest addition to Regent's RISE program, at the suggestion of one of the company's administrators, a RISE scholarship program has been launched to award the children of facility employees. To be eligible, the student must be a graduating high school senior or already in college or technical school. Unlike most other scholarships, this one is not based on grades or athletic prowess, but rather on values.

"We thought this was a great idea because it perpetuates those core values in our young people and eventually our adults," Ms. Thomas says.

The RISE program is constantly evolving and adding new elements. Ms. Thomas is currently thinking about how best to incorporate physicians who work at Regent facilities into the mix and recognize them when they go above and beyond expectations. "You can't let a program become stagnant," she says.

For other companies hoping to build a corporate culture, Ms. Thomas has some words of advice: Success depends on incorporating the ideas and input of a wide range of stakeholders within the company. A top-down approach won't work.

"If you just post something up on the wall, forget it," she says. "It's not worth the piece of paper it's written on. It really has to be a way of thinking." ■

*Learn more about Regent Surgical Health at [www.regentsurgicalhealth.com](http://www.regentsurgicalhealth.com).*

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# Q & A: Reimbursement and Volume Impacts of Moving From Out-of-Network to In-Network

By Lindsey Dunn and Rob Kurtz

**Q: When an ASC goes in-network after being out-of-network, what's the typical decline in reimbursement per procedure? What is the typical bump in number of cases?**

**Eric Woollen, vice president managed care, Practice Partners in Healthcare:**

This is a tricky question with a plethora of different scenarios. In regards to reimbursement, what is prudent is a comparison of in- vs. out-of-network reimbursement. If a center is already OON, they would simply make a case-by-case comparison of what they have been paid (already as OON) vs. what the particular payor is offering in terms of an in-network contract.

To gain a general understanding of potential increases in case volume, the facility would need to request membership information by insurance product from the prospective payor. Sometimes any increase in volume still would not result in better reimbursement vs. remaining OON. If a majority of the business sold in that market already has OON benefits, those patients could already be seen regardless of a contract. What you are trying to accomplish is an increase in volume not discounting existing business. Any increase in volume would need to be weighed in terms of lost reimbursement vs. OON payments.

**I. Naya Kehayes, MPH, managing principal & CEO, EVEIA HEALTH Consulting & Management:**

The decline in reimbursement is variable depending upon the case mix of the center and your ability to negotiate as well as the ASCs fee schedule. It is also market driven as well as a function of the volume that the center will realize by moving in-network. Therefore, if the volume gain is greater, then the decline in reimbursement is typically greater because you will have an overall net gain on revenue due to the increase in volume if you have negotiated a favorable in-network contract. For example, if out-of-network average net revenue per case is \$4,000 and in-network average net revenue per case is 2,800, and you realize a 100 percent increase in volume (which can be the case with some major payors), then overall, as long as your incremental cost per case is not more than \$800, you will break even or be profitable on the contract. If you realize a 20 percent increase in volume, then you will realize significant losses in this example. Therefore, it is critical that the center understand the volume that will be gained by moving in-network in order to determine the financial impact of the contract. It is also very important to understand the incremental cost of moving in-network, which is a function of the increase in volume. You will definitely have an increase in operating cost; however non-operating cost/ fixed cost will go down as volume increases.

We strive for contract rates at a 20-30 percent discount or less compared to out-of-network; however, we have seen payors striving for 70 percent or more in reduced rates when a center is moving in-network from out-of-network. We can justify deeper discounts if the payor

represents a larger market share that we can validate will move to the center. If the center moves cases from the hospital, then this demonstrates a bigger cost savings to the payor, and the center should have more negotiating power because it offers a greater value to the payor; thus, it typically can be a win-win situation because the center can negotiate a better rate while presenting a savings to the payor and the member.

**Scott Becker, JD, CPA:** The per procedure impact will be a direct comparison of what the center is being paid out-of-network as compared to what payors will pay as in-network.

The potential increases in case volume are heavily dependent upon whether or not the current partners perform a great number of out-of-network procedures or are actually not doing so due to concerns with payor threats or other risks. Where physicians currently bring a great percentage of their patients to the center, the increase in volume can be very minimal. In contrast, where there are specific types of patients that the physicians see in their practice and specifically don't see at the center, then it is easier to project a larger increase in volume.

Further, in either event, the movement to in-network can have some positive impact on patient numbers simply due to the increased convenience to the physician who is seeing other patients at the center.

The actual assessment of changes in reimbursement must be made based on actual payor offers and payor case numbers. The actual assessment of changes in volume must be made based on actual case numbers per physician who utilizes the center and what they specifically cannot or do not do at the center solely due to payor contracting issues. In some situations, we have seen some substantial increases in case volume. However, we have also seen situations where moving in-network has had little positive impact on case volumes. A good estimate really requires digging into real case numbers with the physician and their office staff. ■

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